| | | | | | |
|---|---|---|---|---|---|
| Austria | Sch30 | Iran | Rls210 | Pakistan | Rs35 |
| Bahrain | Din0.900 | Israel | Shk4.50 | Philippines | Pso40 |
| Belgium | BFr60 | Italy | L2200 | Poland | Zl 11,000 |
| Cyprus | C£1.00 | Jordan | JD1.20 | Portugal | Es175 |
| Denmark | DKr13 | Korea | Won 2000 | Qatar | QR10.00 |
| Egypt | E£3.50 | Kuwait | Fils.500 | S.Arabia | SR9.00 |
| Finland | FM9.50 | Lebanon | L£1,000 | Singapore | S$4.10 |
| France | FFr7.50 | Lux | LFr60 | Spain | Pta175 |
| Germany | DM3.00 | Malta | 45 cents | Sweden | SKr13 |
| Greece | Dr200 | Morocco | MDh10 | Switz | SFr2.70 |
| Hungary | Ft145 | Neth | Fl 3.50 | Thailand | Bht50 |
| Iceland | IKr180 | Nigeria | Naira15 | Tunisia | Din0.900 |
| India | Rs20 | Norway | NKr13.00 | Turkey | L3000 |
| Indonesia | Rp3100 | Oman | OR1.20 | UAE | Dh8.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

FT No. 31,426



Friday April 12 1991

D 8523A

US ECONOMY

Bickering within the Fed

Page 3

World News

## Soviets offer concessions to off-shore investors

Soviet Prime Minister Valentin Pavlov is expected shortly to unveil a programme to woo foreign investors to the Soviet Union by offering them big concessions in oil, gas, timber and other primary industries.

Mr Vladimir Durasov, first deputy chairman of the State Planning Committee, said he expected an announcement on the plan as soon as today. Page 14

### 140 die at sea

About 140 people were feared drowned or burned to death in an inferno of blazing oil after a car ferry collided with an oil tanker in thick fog just off the northwest Italian coast. Page 2

### Shuttle safely home

The space shuttle Atlantis touched down at Edwards Air Force base, California, after an extended five-day mission in which astronauts walked in space and launched a $617m observatory.

### Finnish poll result

Finnish President Mauno Koivisto asked Centre party chairman Esko Aho to form a government following the party's substantial gains in last month's elections.

### Truehand staff to go

Treuhand, the agency privatising east German industry, said four or five employees had been suspended on suspicion of fraud. Page 2

### China executes 19

Nineteen convicted criminals, aged between 18-30, were executed for serious crimes in the southern city of Canton, the Hong Kong-based China News Service said.

### Peru epidemic flares

Peru's health minister said the coutry's cholera epidemic had flared again, claiming about 40 lives a day this week. Officials projected a further 70,000 cases in the next two months. Page 3

### Oil tanker explodes

An explosion on a Cypriot oil tanker northwest of Genoa broke it in half and killed at least three crew, the ship's agent said. The tanker was carrying 143,000 tonnes of crude oil.

### Six presidents meet

Presidents of the six Yugoslav republics held their third crisis session in as many weeks to try to defuse mounting tensions between Serbs and Croats. Page 2

### Israeli jobs worry

Israeli officials expressed concern that lack of work for newly arrived Soviet Jewish immigrants was causing a sharp drop in numbers moving to Israel. Page 4

### Li loses appeal

Ronald Li, the jailed former chairman of the Hong Kong stock exchange, lost his appeal against conviction on corruption charges. Page 4

### 19 bodies in lagoon

Bodies of 19 young people were dragged from a lagoon in Togo's capital Lome after two days of some of the worst anti-government rioting in the West African country's history.

**Weekend FT**

**Tomorrow: In Warsaw shops are full but wallets empty as capitalism comes to Poland**

**Needle park: the seamy side of Zurich**

Business Summary

## Ford slashes dividend to save $650m a year

Ford Motor, US car manufacturer, slashed its dividend to 40 cents, down from the 75 cents it declared for the past nine quarters. The move will save about $650m a year.

It followed the example of General Motors, which cut its dividend by the same proportion, and Chrysler which halved its pay-out. Page 15

JAPAN'S trade surplus expanded rapidly in March. Seasonally adjusted, the surplus was $7.48bn compared with $5.07bn in February. Page 14

S G Warburg, merchant bank, has been chosen to mastermind the sale of part of the UK government's stake in British Telecom. Page 15

SFR, Société Française de Radiotéléphonie - French private sector radio telephone operator - ordered equipment worth an estimated FFr3bn ($520m) to equip its newly authorised communications network. Page 5

MARKETS: Paris recouped early loss as the CAC 40 index closed 8.68 higher at 1,825.60. Frankfurt; DAX index ended 3.48 higher at 1,565.37. Tokyo; Nikkei average closed 156.33 up at 26,425.19, after trading in a tight range for most of the day. World Stock Markets; Back Page, Section II

AEG, electrical and electronics subsidiary of Daimler-Benz, made net loss of DM205m ($122m) last year as it struggled with problems in its office equipment and household appliance divisions. Page 15

BELLSOUTH, largest of the regional Bell operating companies, and McCaw Cellular Communications agreed to exchange interests which will help consolidate US cellular telephone market. Page 18

J P MORGAN, big New York banking group, made $273m in the first quarter of the year, helped by a lower US interest rates and higher stock and bond prices. Page 15

SUMITOMO, diversified trading house, and four other Japanese companies are to be removed from an Indian blacklist so that India can secure financial aid from Japan to help it over its foreign exchange crisis. Page 14

MICRO FOCUS, UK-based software house, announced greatly increased sales and earnings for the third year. Page 16; Lex, Page 14

NATIONALE-Nederlanden, Dutch insurer which merged with NMB Postbank of the Netherlands, reported a 7 per cent decline in 1990 net profit. Page 16

DOWTY Group, aerospace components manufacturer, announced plans for a further 1,300 job losses this year in the wake of warning that 1991 could be about 25 per cent down on last year's £85.4m ($151.1m). Page 16

INTEL and Advanced Semiconductor, two of Silicon Valley's leading semiconductor manufacturers, reported gains in first-quarter income, signaling strengthening demand for computer chips. Page 18

COPPER; Production at one of the world's largest open-pit mines could be seriously hit if a strike by workers at an oil refinery which supplies Zambia Consolidated Copper Mines with fuel is not settled soon. Commodities, Page 24

STERLING: Pound gained nearly 2 cents against the dollar, and climbed above DM2.99 for the first time since mid-October, as foreign exchanges were positive on its high yield. Currencies, Page 32

STAATSBANK, state-owned German institution, launched DM4bn ($2.3bn) of floating-rate paper through a syndicate of 30 non-German banks led by Swiss Bank Corporation. Capital Markets, Page 20

# Attali warns of lengthy restructuring for east Europe

By Peter Norman and Judy Dempsey in London

A WARNING that the restructuring of eastern Europe's economies will be a "very long process" came yesterday from Mr Jacques Attali, president-designate of the new European Bank for Reconstruction and Development.

Outlining his vision for overcoming "five centuries of centralised economies and bureaucracy" in eastern Europe, Mr Attali said the ultimate goal of the bank, which will be formally inaugurated in London next week, was to bring together" the two halves of Europe".

He said that a key object of the 39-member bank would be to create the conditions for establishing democracy, the market economy and the safe environment in the former communist countries.

The bank is being set up by virtually all the nations of Europe, and others including the US, Canada, Japan, and the Soviet Union.

At a news conference in London, Mr Attali said the bank would seek "special funds" next week from member governments for technical assistance to help establish the creation of financial intermediaries, stock markets, banks, accounting systems and train managers. These funds would be in addition to the bank's capital of Ecu10bn ($12.2bn) which is being provided by member countries for loans and equity investment.

The bank will have two main divisions: a development bank to aid the modernisation of east Europe's infrastructure and environment; and a merchant bank which will play a key role in privatisation.

Mr Attali was reluctant to elaborate on the precise projects which are in the pipeline before the inaugural meeting of the bank's board next week.

However, he said that in its lending policies, the bank would be "slightly bolder" than the private sector as it could afford to take a longer view of profitability of the projects.

Mr Attali was at pains to stress that the bank would be a source of talent, ideas, and influence. For this reason, he would recruit only the highest quality of staff. So far, the bank has only 80 full-time employees, against a minimum staff of 250 required to make it viable.

The bank has had a particular problem recruiting a US vice-president since Mr Ernest Stern, a World Bank senior vice-president and Mr Attali's first choice, refused to join the bank at the end of last year.

Yesterday Mr Attali insisted that relations between the US and the EBRD were "very happy", but acknowledged that it was extremely unlikely that a top level US staff member would be appointed in time for next week's ceremonies. Some 30 heads of governments and 39 finance ministers will attend the inauguration which will include an informal summit conference on the future shape of Europe.

# Pöhl satisfied that German inflation will remain low

By Stewart Fleming in Frankfurt and David Goodhart in Bonn

Chancellor Kohl, meeting US trade secretary Nicholas Brady in Bonn yesterday, blamed recent German unrest on certain union leaders "pitiful theatrics"

FEARS of an imminent rise in official German interest rates were played down yesterday by Mr Karl Otto Pöhl, president of the German Bundesbank.

Speaking to foreign journalists in Frankfurt before Sunday's meeting of finance ministers from the Group of Seven leading industrial countries, Mr Pöhl expressed satisfaction that the German inflation rate had been kept below 3 per cent. This was in spite of strong economic growth and rise in public sector borrowing.

"We are hoping that we can contradict the forecasters who are predicting an acceleration in inflation," Mr Pöhl said. The west German inflation rate fell slightly to 2.5 per cent in March from 2.7 per cent in February.

Mr Pöhl said the outlook for inflation was "slightly" worse than it used to be but pointed out that Germany still had the lowest interest rates in Europe and one of the lowest inflation rates in the world.

The Bundesbank president said that there was evidence that the tight monetary policy which the central bank had been following had gained credibility in the financial markets.

He also pointed to the performance of German money supply as evidence of the Bundesbank's so-far successful anti-inflationary policy.

"So far as the monetary aggregates are concerned, we are quite satisfied," he said.

He pointed out that the M3 measure of money supply was below the Bundesbank's target in spite of the "rather generous liquidity that has been supplied to the former German Democratic Republic." He added: "We are succeeding in mopping-up this overhang."

Government officials in Bonn have recently expressed concern about the budget deficit after the recent shift to a more interventionist strategy in east Germany.

Some officials fear that the new strategy may have come too late to stop a summer of escalating protest in east Germany. But Chancellor Helmut Kohl yesterday placed the blame for much of the unrest in east Germany on the "pitiful theatrics" of certain trade union leaders.

While Mr Kohl excluded leaders of the German trade union grouping, the DGB, "who are emphatically supporting our strategy", he accused others of trying to use the Monday demonstrations in Leipzig for their own political ends. The DGB has said it will no longer be taking part in the Monday protests but some individual unions have rejected that line.

A more guarded assessment of the current situation than Mr Pöhl's came yesterday from Mr Dieter Hiss, president of the Berlin State Bank and a member of the Bundesbank's policy making council.

In comments apparently directed at a domestic German audience, Mr Hiss warned that recent wage rises, together with a surge in imports stimulated by the weakened D-Mark, meant that a further increase in interest rates could not be ruled out.

Treuhand fraud claim, Page 2

# US insists Iraq complying with relief demands

By Lionel Barber in Washington, Robert Mauthner in London, William Dullforce in Geneva

THE US yesterday sought to play down reports by Kurdish rebel forces of Iraqi army attacks against refugees in northern Iraq. The reports appeared to signal a direct challenge to US warnings to Iraq not to use air or ground forces to interfere with the United Nations relief effort.

The Pentagon continued to insist that Iraq was complying with US demands and that American cargo planes escorted by F16 warplanes were dropping supplies to the Kurds.

Mr Pete Williams, chief Pentagon spokesman said: "The Iraqis have shown no signs of interfering with our provision of humanitarian relief in northern Iraq or indeed in southern Iraq".

However, Mr Williams declined to spell out the rules of engagement for US forces. This added to the air of ambiguity about the extent to which the US is ready to reopen hostilities against an Iraqi army intent on snuffing out the last resistance in northern Iraq.

General Norman Schwarzkopf, the allied military commander in the Gulf, joined the controversy yesterday emphasising that Iraq was no longer a threat to its neighbours.

"People tend to greatly exaggerate what Saddam has left," he said on a visit to Kuwait. "His war machine is destroyed. It doesn't take a well-trained military to beat a bunch of rebels in the mountains.

"I have a great feeling of a great victory. Anyone who dares even imply that we did not achieve a great victory obviously doesn't know what the hell he's talking about."

A helicopter airlift was yesterday being organised in a bid to avert a major disaster for the 300,000 Kurdish refugees camped in winter conditions in the mountains of south east Turkey. About 50 helicopters supplied by the US, Britain and Germany are being rushed to the region to drop emergency provisions to the refugees caught in the snow and rain on the Turkish border. "It has now been identified that the real problem is transportation to the border areas. Helicopters are the answer", said a western diplomat in Ankara. The operation is expected to be underway by Monday.

Turkish commandos are reported to be marshalling the refugees in the border region with some said to be operating up to 12 miles inside Iraq. Supply drops by US, British and French transport planes continued yesterday.

Meanwhile, there were conflicting reports in the UN about the status of a British plan for the establishment of a safe haven in Iraq for Kurdish refugees. This has had a mixed reception at best and there were serious doubts whether the Council would approve it, given the rule against interference in a state's internal affairs.

Despite UN denials, the idea is being linked in some quarters to a mission to Iraq that a team led by Mr Eric Suy, a Belgian Foreign Ministry official, will begin in Iraq tomorrow .

Mr Suy, a former UN under secretary-general, is to report on the scale of the Kurdish refugee problem. He will also look

Continued on Page 14
Other reports, Page 4

# Kuwait plans series of loans to fund post-war reconstruction

By Peter Montagnon, World Trade Editor, in London

KUWAIT plans to finance the rehabilitation of its war-ravaged infrastructure through a series of "mini-jumbo" loans of between $5bn and $7bn apiece, a senior British merchant banker said yesterday on his return from the emirate.

Lord Limerick, chairman of the City-Kuwait co-ordination group and recently retired head of British Invisibles, the export promotion body, said Kuwaiti financial officials had dropped the idea of a single mammoth loan.

Mr Peter Lilley, UK trade and industry secretary, said up to 800 oil wells in Kuwait are either on fire or gushing out of control, making the damage left by Iraq far greater than previously thought. Estimates have before spoken of 500 wells gushing or on fire.

Speaking on his return from Kuwait at the head of a British business mission, Mr Lilley said that the country's needs for infrastructure reconstruction had been over-estimated.

Executives accompanying him said the intense heat generated by the fires and unexploded ordnance had prevented anyone even entering large tracts of Kuwait's main Burgan oil field to inspect the damage since the Iraqis left.

Lord Limerick's remarks are likely to be seized on in the international capital markets where bankers have been anxiously awaiting clues from the reticent Kuwaiti authorities as to how they will set about financing their country's reconstruction.

The banker, who was also on the mission, said the Kuwaiti borrowings would be targetted towards lenders in the various countries where Kuwait's extensive financial assets are held.

Kuwaiti officials had given no indication of how much they would need to borrow in total, but he expected the borrowings to be secured against the country's overseas assets.

"Their present attitude is that they are not going to be selling external investments," he said.

These were estimated to exceed $100bn before the Gulf war, although realisable assets may now have shrunk to less than half this amount. Previous reports have suggested that Kuwait would seek to borrow a total of $20bn, possibly under the co-ordination of Morgan Guaranty of the US.

Lord Limerick said Kuwait was adopting a very cautious approach to the borrowing and was in no hurry. It wanted to establish a good name for itself in the marketplace so that it could borrow at favourable rates, he said.

Its domestic banks were now resuming trade finance activities and able to issue letters of credit, he added.

Mr Lilley reassured British exporters at a press conference that short and medium term cover would be available from the Export Credits Guarantee Department for UK exports to Kuwait.

With the emergency rehabilitation phase now drawing to a close, the time had now come to begin work on the second reconstruction phase which would involve much larger deals.

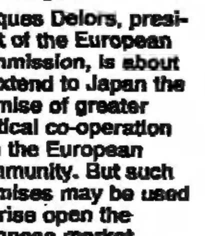
Oil well damage, Page 4



CONTENTS



**Community's hand of friendship carries a price for Japan**



Jacques Delors, president of the European Commission, is about to extend to Japan the promise of greater political co-operation with the European Community. But such promises may be used to prise open the Japanese market.

Page 2

MARKETS

**STERLING**
New York lunchtime: $1.79
London: $1.7905 (1.7795)
DM2.9925 (2.9875)
FFr10.1175 (10.1025)
SFr2.5275 (2.5325)
Y243.25 (242.5)
£ index 93.3 (93.1)

**GOLD**
New York: Comex Jun $364.8 (366.3)
London: $362.15 (363)

**N SEA OIL (Argus)**
Brent May $19.85 (19.475)

Chief price changes yesterday: Page 15

**DOLLAR**
New York lunchtime:
DM1.67
FFr5.648
SFr1.4115
Y136.1
London:
DM1.6715 (1.6765)
FFr5.65 (5.6775)
SFr1.4115 (1.4235)
Y135.9 (136.3)
$ Index 64.6 (64.9)
Tokyo close: Y136.65

**US lunchtime rates**
Fed Funds $5\frac{1}{2}$%
3-mo Treasury Bills: yield: 5.744%
Long Bond: $95\frac{31}{32}$
yield: 8.262%

**STOCK INDICES**
FT-SE 100: 2,531.6 (+12.6)
FT Ordinary: 2,002.2 (+10)
FT-A All-Share: 1,224.72 (+0.4%)
New York closing
DJ Ind. Av. 2,913.61 (+39.11)
S&P Comp 378.06 (+4.91)
Tokyo: Nikkei 26,425.19 (+156.33)

**LONDON MONEY**
3-month interbank: closing $11\frac{15}{16}$ (same)
Liffe long gilt future: Jun 93 ($82\frac{3}{4}$)

## EUROPEAN NEWS

# More mergers in prospect for car industry

By John Griffiths

INTENSIFYING Japanese competition over the next decade may force some volume car-makers to merge, according to a new study of the European motor industry which forecasts further consolidation and restructuring.

The biggest, most centrally controlled manufacturers will emerge best from a looming "earnings crunch" and the "small is beautiful" philosophy of the 1980s has been exposed as "more fantasy than reality", says the London-based Euromotor consultancy*.

Despite enormous losses in the early 1980s, it says, it is the biggest companies which are now generating the highest returns on equity and assets and enjoying the best growth records. It suggests that Fiat still needs to find a merger partner and urges a full takeover of Volvo by Renault.

The 1980s have proved that for smaller European companies like Saab, Rover, Volvo and Jaguar – and even Nissan's UK manufacturing plant – flexible manufacturing and productivity-improving innovations still cannot compensate for bigger producers' scale advantages, it concludes.

There must now be "substantial" doubts whether Ford will support Jaguar through the "many years required to create a profitable enterprise," the report says, despite having paid £1.6bn for it.

The future of the former state-owned Rover Group, now part of British Aerospace, is also in doubt, according to the report. Productivity has improved but Rover has yet to show a determination to deliver profits.

"By the end of the decade Rover's interest in the car industry may be limited to the maintenance of its name on Honda-manufactured products and the holding of a minority stake in Honda's European operations." Currently, Honda holds 20 per cent of Rover.

The report maintains that Nissan's UK manufacturing venture at Sunderland has been posting trading losses throughout its six years of operations, with Nissan selling every car emerging from the factory's gates at a loss. "The reason is quite clear," says the report, "the margins on added value are too low and there is every indication that the company has been prepared to purchase market share with an uneconomic price structure".

The report, which analyses the 1982-90 accounts of 24 manufacturers responsible for more than 98 per cent of all European car output, says the European industry is nevertheless in much better shape than in the early 1980s.

*Euromotor Financial Yearbook 1991, Euromotor Reports Ltd, 105/6 New Bond Street, London W1Y 9GL.£695*

**WEST EUROPE'S CAR MANUFACTURERS COMPARISONS OF PROFITABILITY - 1989 (%)**

| | Return on assets | Return on equity before tax |
|---|---|---|
| Mercedes-Benz | 21.4 | 73.4 |
| Opel | 18.8 | 62.6 |
| Renault | 16.5 | 31.0 |
| Peugeot | 14.4 | 27.1 |
| Ford Motor | 14.0 | 66.8 |
| Fiat Auto | 13.2 | 33.0 |
| BMW | 10.5 | 25.9 |
| Volkswagen | 6.8 | 22.5 |
| **Large company averages** | **13.7** | **39.8** |
| Vauxhall | 30.9 | 276.7 |
| Ford Espana | 20.1 | 40.1 |
| GM Espana | 17.9 | 42.5 |
| Automobiles Citroen | 14.5 | 14.0 |
| Ford-Werke | 14.0 | 60.1 |
| Audi | 13.3 | 55.1 |
| Fasa Renault | 6.5 | 12.5 |
| Volvo Car Corp. | 6.2 | 10.1 |
| Seat | 3.3 | 9.1 |
| Rover | 3.1 | 4.0 |
| **Medium company averages** | **11.3** | **26.1** |
| Peugeot Talbot | 36.3 | 86.4 |
| Citroen Hispania | 21.0 | 45.1 |
| Porsche | 5.5 | 15.6 |
| Volvo Car BV | 5.1 | 9.0 |
| Jaguar | -6.8 | -21.4 |
| Nissan Motor (UK) | -6.0 | -132.8 |
| **Small company averages** | **7.8** | **11.8** |
| **All companies** | **12.8** | **33.6** |

*Source: Euromotor*

# Human error 'caused ferry tragedy'

By Haig Simonian in Milan

AN official inquiry is to begin immediately into Italy's worst postwar maritime disaster, in which 140 people are feared to have died.

Human error was suspected as the cause of the collision between a car ferry and an oil tanker in thick fog on Wednesday night just off the north-west Italian coast.

In a separate incident yesterday morning, three seamen died and two were missing after two explosions on board a 123,000 tonne Cypriot-registered tanker off the Italian coast near Genoa. The vessel broke in two as huge flames and clouds of dense black smoke billowed from the ship. There were fears that oil might wash on to the Italian shore.

The ferry accident outside Livorno harbour has caused an outcry in in Italy as to how it could have taken place with modern navigational aids.

Mr Carlo Vizzini, the merchant navy minister, said an official inquiry would start straightaway, adding: "Unfortunately, we have the impression that human error caused this collision."

"The passengers were covered in a river of flame," he said.

In Brussels, the European Commission announced emergency aid of Ecu1m (£690,000) to help families of the victims.

A police helicopter flies over the still smoking Moby Prince. The disaster claimed 140 lives

The accident happened just after the 6,200 tonne ferry Moby Prince had left harbour on its way to Olbia in Sardinia. Three miles out to sea, it smashed into the side of the anchored 98,000 tonne oil tanker Agip Abruzzo, causing an instant explosion as thousands of gallons of oil gushed out of the tanker's hold and ignited.

All 36 members of the tanker's crew escaped, only two of them with injuries, but only one survivor from the ferry has been found so far.

Captain Renato Superina of the Agip Abruzzo spoke of a inferno as the explosion caused a four metre high wall of flame, and said it had been possible to see "nothing" of the other vessel.

Alessio Bertrand, the sole ferry survivor, said he and other crewmen were watching football on television when he heard something that sounded like an earthquake.

"I saw people on the ground, paralysed, dead. Some had died of suffocation. Some were completely charred," he said. "Leave me alone. I am not a hero. It's a miracle that I'm alive. I walked over corpses," he snapped at reporters. The tanker was still ablaze yesterday afternoon, the flames preventing Italian firefighters from getting aboard to douse the fire. The ferry was a burnt-out skeleton.

Initial concern about oil pollution eased when most of the tanks carrying the Agip Abruzzo's cargo of some 80,000 tonnes of oil remained intact. Much of the small amount of oil that did escape ignited.

# Dutch fear big rise in EC's farm budget

THE EC farm budget will increase by half through this year and next unless the European Commission's proposals to trim subsidies are implemented, Mr Piet Bukman, the Dutch agriculture minister, told his parliament yesterday, writes David Gardner in Brussels.

Latest estimates say the cost of supporting farm prices this year will rise to Ecu33.6bn (£23.2bn) compared with a binding limit, or "guideline", of Ecu32.5bn. The farm outlay last year was Ecu25.1bn, and is projected to rise next year to Ecu37.6bn, Mr Bukman said.

Only the UK and Netherlands among EC member states have backed Brussels in insisting that farm spending be held to the guideline, fixed at a summit of Community leaders in 1988. The other member states argue that the guideline should be topped up by the Ecu1.3bn cost of integrating eastern Germany into the EC farm regime.

Commodities, Page 26

## Brussels warns Italy over budget deficit

Italy must reduce its huge budget deficit if it wants to participate in the final phase of European economic and monetary union (Emu), Mr Henning Christophersen, EC commissioner for economic and financial affairs, said yesterday, Reuter reports from Brussels.

A spokesman quoted Mr Christophersen as saying that the huge gap in the Italian budget was a particular concern to the Community. Rome should consider reducing subsidies to industry and take steps to widen its tax base, he was quoted as saying.

## Author of Lisbon bourse reform dies

Mr Joao Veiga Anjos, the mastermind behind Portugal's capital market reforms over the past two years, died yesterday in a road accident, at the age of 47, stock exchange officials said, AP reports from Lisbon.

Mr Veiga Anjos, became president of the Oporto stock exchange in 1986. Two years later he was also nominated president of the Lisbon bourse.

## Yugoslav flights halt

The heavily-indebted Yugoslav airline, JAT, has cancelled all flights until further notice because of a strike by mechanics demanding two months' unpaid wages, Reuter reports from Belgrade.

## Greek bus deaths

A disturbed Turkish drug addict started Tuesday's fire on a Greek tour bus in Istanbul in which he and 34 Greek tourists died, the Turkish Foreign Ministry said, Reuter reports from Istanbul.

# EC set to begin lifting Pretoria sanctions

By David Buchan in Brussels

EC foreign ministers are likely on Monday to agree to lift certain trade sanctions against South Africa, in a deliberately low-key move designed to minimise differences with the US and to sidestep trouble with the European Parliament.

EC government heads had already decided last December to rescind the 1986 ban on imports of iron, steel and gold coins, once Pretoria started repealing apartheid laws.

In late March, after the South African government began the repeal process, the EC executive commission decided to propose lifting the 1986 sanctions at the next foreign ministers' meeting, which takes place in Luxembourg on Monday. A number of political and security-related sanctions introduced in 1985 will stay for the time being.

But, for differing tactical reasons, the 17 commissioners decided to keep their proposal quiet. Mr Frans Andriessen, the Dutch Christian Democrat responsible for external affairs, argued publicising the proposal would only invite consultation with the Parliament which was not legally necessary.

This precise point was contested by such socialist members of the 17-person Commission as Mr Karel Van Miert of Belgium and Mr Carlo Ripa di Meana of Italy, but they appear to have generally concurred in the secrecy to avoid the embarrassment of the EC executive being seen to lift sanctions well ahead of the US, where more stringent conditions, including the freeing of all political prisoners, govern trade restrictions.

The meeting is expected to see all 12 foreign ministers in agreement on the principle of lifting the 1986 sanctions now, but in possible disagreement on whether Strasbourg should be consulted.

As champions in the current political union negotiations for giving the Strasbourg assembly more power, Germany, Italy and Belgium may argue the Parliament should have a say in the matter, even if the rules do not require it.

# Sea change in Sweden's political tide brings opposition leader to London

By Robert Taylor in Stockholm

WHEN Mr Carl Bildt, the 41-year-old leader of Sweden's main opposition Moderate party, meets Mr John Major, Britain's prime minister, in London next Tuesday, it promises to be much more than a courtesy call.

Mr Bildt looks likely to be Sweden's next premier,if polls showing support for a non-Socialist coalition after the general election in September prove correct. If so, it would be the first time since 1930 that Sweden has had a prime minister from the Moderate (Conservative) party.

Sweden is experiencing a fundamental shift to the right after 60 years of Social Democrat domination.

"The centre of political gravity here has moved decisively in our direction," says Mr Bildt. "The famous Swedish Model is dead and gone. There is a loss of faith now in Sweden's so-called third way. Social democracy no longer sets the agenda."

Ideologically, Mr Bildt stands closer to the German Christian Democrats than to the British Conservatives. He is a close friend of Chancellor Helmut Kohl, and talks enthusiastically of a new axis of European power being forged between London and Bonn in the post-Thatcher era, with Stockholm as its "northern pillar".

Conservative leader Carl Bildt: Swedish Model is dead . . . social democracy no longer sets the agenda.

Since student days in the late 1960s at Stockholm University, he has been an enthusiast for Swedish membership of the European Community. "We made a mistake not going into the EC with Denmark and Britain in 1973," he believes.

The late Prime Minister Olof Palme detested him, even accusing him of being a "security risk" for suggesting the government was not being tough enough with Moscow in the early 1980s when Soviet submarines were alleged to be infringing Swedish waters.

Mr Bildt has always taken a strong anti-Soviet position, backing freedom and democracy in eastern Europe long before it became fashionable to do so, while at the same time criticising Sweden's "flirtations with the Third World".

Today he refuses to see his country's traditional neutrality as an obstacle to EC membership. "I think we should drop the label neutrality," he argues. "Sweden should not have a neutral but a European foreign policy."

He accepts that it will be the ruling Social Democrats who will probably put in Sweden's EC membership application early this summer. But it will be a non-Socialist coalition that "swiftly" negotiates the entry terms with the final decision taken by September 1994, he says.

In close alliance with the Liberals, his party is formulating an agenda for government designed to transform Sweden into a European social market economy. Mr Bildt intends to cut Sweden's tax burden (which, at 57 per cent of gross domestic product, remains the highest in the world) to the Danish level of 50 per cent, in stages.

Plans are already being drawn up for a massive privatisation of Sweden's state controlled companies. The corporatist system of collective bargaining will go.

Mr Bildt insists the krona will not be devalued if he comes to power but he wants to peg the Swedish currency at "the appropriate moment" to the exchange rate mechanism of the European monetary system.

The Swedish welfare state will be reformed to introduce greater freedom of choice through the introduction of an insurance system in the health service.

"We want to form a majority government," with the Moderates and the Liberals as its core, he says. Those two parties alone will not secure enough seats to form a majority and, tHey may need the support of both the Centre party and the Christian Democrats to give Mr Bildt the necessary margin for governing. That support looks increasingly likely.

# Treuhand employees suspected of fraud

THE TREUHAND agency privatising east German enterprises said four or five employees had been suspended on suspicion of fraud, but it denied a report that at least DM500m (£167m) had been lost from illicit sales, Reuter reports from Berlin.

A Berlin police official had been quoted as saying that Treuhand employees were found involved in fraud and corruption that had destroyed thousands of jobs in former communist enterprises now controlled by the agency. He claimed that "old boy networks" of communist industry managers and Treuhand employees had "prematurely cannibalised" enterprises with a payoff for both.

But Treuhand spokesman Wolf Schoede said "four or five" east German staff had been suspended for alleged fraud in "almost exclusively small cases with hardly quantifiable damage". Officials were investigating other cases.

● It looks increasingly likely that Mrs Birgit Breuel, deputy head of the Treuhand, will be appointed to the top job tomorrow, succeeding Mr Detlev Rohwedder, who died in a terrorist shooting last week.

# Property bill complicates Hungarian sell-off

By Nicholas Denton in Budapest

A BILL to compensate Hungarians for property confiscated under the Communist regime threatens the country's whole privatisation programme, a senior official said yesterday.

Giving expropriated owners first option to buy their old nationalised property, as the government proposes, "will obviously slow down privatisation," said Mr Lajos Csepi, managing director of the State Property Agency (SPA). "It would be disastrous," he added, in an unusual attack on the government.

Under Hungarian law, the government's plans would require a search for former owners before state property could be sold. Since a third of all Hungarians live abroad, that would be very difficult, Mr Csepi said.

The proposed right of first refusal for former owners is a gift to the Smallholders Party to secure its fickle support, upon which the government depends. Mr Jozsef Antall, the prime minister, has been keen in the past to separate the volatile issues of privatisation and compensation.

"A political problem is being solved at the expense of privatisation," Mr Csepi said. He staked his hopes on the constitutional court ruling against the bill before it passed through parliament. The bill goes before the court this month.

Mr Csepi said the new law would not ease existing uncertainty created by rival claims to property. "Foreign investors do not come because they do not know what is going to happen," he said. He called for the settling of ownership structure once and for all.

Advocates of privatisation have, however, reversed attempts by the Industry Ministry to limit foreign and private investment in strategic state companies. Mr Csepi said that the range of an "absolutely shocking" list of out-of-bounds companies had been narrowed.

The authorities no longer envisaged restricting foreign ownership of Ikarus, the bus manufacturer, nor did they plan to keep 100 per cent control of most of the energy sector.

The arguments about compensation and foreign investment have threatened to trip up privatisation just as it was gathering speed. This week the SPA approved its first privatisation initiated by an investor: an outright purchase of the Gundel restaurant for $8m.

The agency has also recently launched two programmes. One will subcontract management of its Ft94bn (£712m) portfolio of shares in 68 partially privatised companies. The other will privatise 20 of the healthiest construction concerns, which have a combined book value of over Ft30bn.

# Community's hand of friendship carries a price for Japan

**Andrew Hill** in Brussels and **Stefan Wagstyl** in Tokyo review a new chapter opening in EC-Japanese relations

WHEN Mr Jacques Delors, president of the European Commission, visits Tokyo next month he will extend to Japan the promise of greater political co-operation with the European Community. But there could be a trade-off: such promises may be used in an attempt to prise open the Japanese market for European investors and exporters.

On Monday in Luxembourg, the EC foreign ministers will discuss the Commission draft of a joint declaration on EC-Japan relations. It could be adopted by the two parties at the Group of Seven summit in London this July.

Officially, the declaration – modelled on agreements between the EC and the US and the EC and Canada last year – will be "issued" rather than "signed", a diplomatic nuance which indicates the informality of the deal.

Like last November's transatlantic agreements, this will be a grandly-phrased statement of intent rather than an attempt to tackle the nitty-gritty of relations between the two parties. The tension arises because Japan's motivation for such an agreement is chiefly political and the EC's chiefly economic.

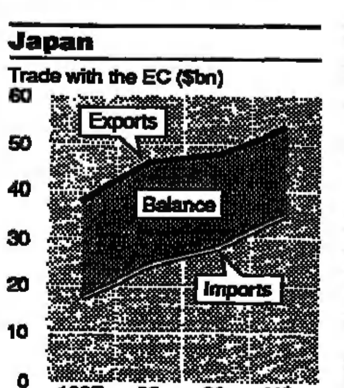
For Tokyo, which proposed such a deal after the transatlantic agreements were issued last December, a political declaration would give a much-needed boost to relations with the Community, often strained by trade disputes.

Japanese officials are acutely aware that it is difficult to broaden relations with the EC beyond the economic sphere because the Commission has dealt almost exclusively with economic questions. Political and cultural matters are pursued mainly with individual member states.

The economic bias looks inevitable. Provisional figures show a 7 per cent decrease in Japan's trade surplus with the EC last year, but it still stood at $18.4bn. Also, as Sir Leon Brittan, the competition commissioner, pointed out in a

**Japan**

Trade with the EC ($bn)




*provisional Source: Customs statistics

recent speech in Tokyo, Japanese investment flows into Europe outstrip European investment in Japan by 17 to one.

In addition, specific issues – including anti-dumping cases, the continuing saga of how and whether to control Japanese car imports to the EC, and the recent complaint that Japanese port authorities are discriminating against international shipping lines – inevitably focus European attention on the commercial side of EC-Japanese relations.

But the turmoil in international relations caused by the decline of east-west tensions, compounded by the Middle East crisis, has given Japanese diplomats new hope for expanding Japan's role in world affairs – a second reason for pursuing an informal agreement with the EC.

President George Bush's call for a new world order has also spurred Japanese action. As a Japanese Foreign Ministry official said last week: "In the new world order, US-EC links are good and US-Japan links are good. We must strengthen Japan-EC links."

Japanese officials recognise that the political content of any declaration may be thin. Early Brussels drafts suggest it will establish an institutional framework for annual meetings between the Japanese prime minister, the president of the Commission and the EC presidency, as well as regular meetings between Japanese ministers and EC commissioners.

That framework is important to Tokyo, but Japan is worried that the declaration will also bring the discussion back to the kind of economic horse-trading which has always dominated bilateral relations.

Those worries look well-founded. Commission officials hope that, in its enthusiasm for closer political relations, Japan will be prepared to agree to comparatively tough economic clauses in the declaration itself.

"There will be an element of leverage: we may be able to get language into the declaration which the Japanese might not have chosen had they been able to draft it themselves," said one official.

Improved access to markets is the buzz-phrase for the EC. The draft considered by commissioners last Wednesday mentions it three times as one of the aims of closer co-operation between the EC and Japan. Financial services, investments, telecommunications, technology and computers are singled out as areas for liberalisation.

The Commission, while admitting that it, too, is looking for closer political ties, also hopes to monitor progress on market access through the framework of high-level meetings between the EC and Japan.

"Those institutional contacts should entail a review of where we are in terms of balanced access," said one EC official. That may not be exactly what the Japanese had in mind when they suggested closer political co-operation last December.

As a stick with which to chase protectionism out of the Japanese economy, such a loose agreement does not seem terribly fearsome, compared, for example, with the trade weapons enshrined in the US Structural Impediments Initiative. There is already some scepticism in Brussels about the effectiveness of a joint declaration, and even Commission officials admit that it would not be a panacea to cure the specific persistent trade ills which exist between Japan and the EC.

But the declaration would fit snugly into the softly-softly policy of Commission free-marketeers like Mr Martin Bangemann, responsible for industry, and Sir Leon Brittan, who is opposed to fierce global reciprocity clauses. The Brussels line is that the Japanese may be taking the legal actions to improve competition, but the EC needs to see "the evidence of change".

In that respect, the Japanese Fair Trade Commission's action last month to break up a cement cartel by imposing fines of $82m was interpreted as a step in the right direction by Sir Leon and his advisers.

The Commission now hopes a cunningly-worded joint declaration will increase the pressure on Tokyo, however much the Japanese want to play down the economic emphasis of any agreement.

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert.Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

AMERICAN NEWS

# First among equals at fractious Fed

## Greenspan must heed a wide range of views before acting on interest rates, reports Michael Prowse

IS the US economy suffering because monetary policy is run by a warring committee, some of whose members are not directly accountable to elected officials? The question, raised by reports of bickering at the Federal Reserve, matters because interest rate decisions will influence the length and depth of the US recession.

Many analysts, worried by last week's poor employment figures, believe the Fed should "buy insurance" against a deep recession by loosening policy; others advise caution, arguing that inflation is not yet under control. The Fed, the US central bank, is so far sitting on its hands.

In many countries, elected politicians take decisions about interest rates, which are now widely regarded as the main instrument for steering the economy in the short run. In Britain for example, the Chancellor simply orders the Bank of England to cut base rates; only Downing Street can thwart his will.

Life is more complicated in the US. Mr Nicholas Brady, the US Treasury Secretary, has been calling for lower interest rates for some weeks. But neither he nor other members of the administration can enforce this wish: monetary policy is the province of the Fed, an independent institution.

Mr Alan Greenspan, the Fed chairman, is the visible symbol of Fed authority. He testifies frequently and loquaciously before Congress. In financial markets, analysts hang on his every word, anxious not to miss an oblique signal of policy intentions. But he is far from his own master.

The strong leadership and personalities of previous chairmen, such as Mr Paul Volcker in the 1980s and Mr Arthur Burns in the 1970s, have created a false impression of the way the Fed is run. The Fed chairman has never been more than "first among equals," says Mr Robert Solomon, a guest scholar at the Brookings Institution and a former senior Fed official.

Alan Greenspan (left), seen as less forceful than his predecessor, Paul Volcker

The chairman heads a board of seven Washington-based governors (Mr Lawrence Lindsey, a former White House economist will fill a vacant seat later this year). But, given the Fed's decentralised structure, he must also heed the views of the presidents of 12 regional federal reserve banks, who are appointed at regional level.

The governors collectively set the level of the discount rate, the rate at which banks can borrow directly from the Fed. But the key short term rate is the federal funds rate - the rate banks charge each other for loans of reserves. The Fed controls this by purchases and sales of securities known as "open market" operations.

Five of the 12 seats on the open market committee are reserved for regional presidents. They serve in rotation except for the president of the New York Fed who is a permanent member. The remaining seats are taken by the Fed governors.

Several of the regional presidents, such as Mr Lee Hoskins of Cleveland and Mr Robert Parry of San Francisco have gained a reputation as inflation "hawks". In a recent speech, Mr Hoskins, for example, warned that central banks cannot fine-tune economies or control recessions. "By trying to do so, they jeopardise the one economomic objective they can achieve over time – price stability."

The Fed is one of the most secretive bodies in the US. But reports indicate that regional presidents prevented Mr Greenspan from cutting interest rates as fast as he would have liked last autumn. More recently some are said to have complained that Mr Greenspan exceeded his authority in early February by cutting the federal funds rate by a half point after poor employment figures. Quarter point movements have been the norm in recent years.

The minutes of the most recent open market committee meeting have yet to be released. But the failure of the Fed to cut rates after last week's poor employment numbers appears to reflect the hawks' influence. The committee's previous instruction to tilt towards easing may have been amended. Further relaxation will depend on the US inflation performance.

The depth of disagreement, however, remains unclear. Mr Greenspan is cautious by nature and certainly not soft on inflation. With tentative signs of recovery in some sectors, he may be relatively content with the present policy stance. Mr Michael Boskin, the chief White House economist, says press reports of dissent are "probably overblown". Internal discussions, he says, have been occurring for decades.

Mr Volcker, Mr Greenspan's immediate predecessor, had his problems. Mr Rudolph Penner, a fellow at the Urban Institute and former director of the Congressional Budget Office, recalls that, on one embarrassing occasion, fellow governors ganged up to prevent Mr Volcker implementing a planned discount rate cut. He says Mr Greenspan has sought consensus at the Fed throughout his tenure; any friction today is thus probably the result of a misunderstanding rather than an unbridgeable difference of opinion.

Disagreements between governors – appointees of the Bush or earlier adminstrations – and regional presidents, who owe greater allegiance to local private-sector interests, are caused partly by differing ideologies. But they also reflect the size and diversity of the US: the economy viewed from the south or the mid-west looks very different to the economy viewed from Washington or New York.

In the short run, democratic discussion within the Fed can lead to paralysis; but in the longer term it is perhaps more likely to achieve the right balance of policies than the more autocratic approach adopted in some competitor countries.

# Hopes rise of fresh cut in interest rates

By Michael Prowse in Washington

BETTER inflation figures and a fall in retail sales in March were seen yesterday as improving the chances of a further easing of US monetary policy.

The Labour Department said the producer price index for finished goods fell by 0.3 per cent last month, the fourth successive monthly drop. The closely watched "core" producer price index, which excludes food and energy, rose by 0.2 per cent – a relief after increases of 0.5 per cent and 0.4 per cent in January and February.

Retail sales were weaker than expected in March, falling 0.8 per cent in cash terms, compared with market expectations of a rise of 0.2 per cent. But figures for February were revised up sharply to show an increase of 2 per cent compared with a preliminary estimate of a gain of only 0.8 per cent.

The slowdown in the core rate of wholesale price inflation in March was broadly based and should help allay fears sparked by price increases in previous months. But the Federal Reserve will closely analyse today's consumer price figures and other indicators of economic trends before making a decision on interest rates.

Mr Michael Boskin, the chief White House economist, yesterday repeated the administration's calls for an easing of monetary policy and predicted an economic recovery would begin within the next few months.

"The recovery has not started yet, but there are hopeful signs," Mr Boskin said.

Some of the preconditions to an economic rebound, including lower oil prices and interest rates, lean inventories and improving consumer confidence, suggest that the economy may be near to bottoming out.

Mr Boskins cautioned however that the economy had not yet stabilised and unemployment could be expected to rise for several months.

With that in mind, he said "there is ample room for rates to fall further" provided that inflation pressures are not greater than expected or the economy does not rebound faster than expected.

The economy was likely to stabilise some time this summer, followed by a period of mixed economic signals, Mr Boskin said. Economic growth at a 2 to 3 per cent annual rate was possible by year's end, he said.

The sharp upward revision in February retail sales figures was seen by some analysts as reducing the chances of interest rate cuts. The monthly figures, however, are erratic. The trend remains weak.

In the first quarter retail sales were 1.4 per cent lower than in the final quarter of 1990 and 0.7 per cent lower than in the same period a year ago. No adjustment is made for inflation.

The fall in producer prices last month reduced the annual rate of wholesale price inflation to 2.9 per cent. Core producer prices, however, rose by 3.7 per cent in the year to March.

# Peruvian cholera epidemic claims 40 lives a day

By Sally Bowen in Lima

PERU'S cholera epidemic has flared again, claiming about 40 lives a day so far this week, according to official figures. Dr Victor Yamamoto, the health minister, warned that a critical stage is approaching at which the disease could become endemic.

Mr Yamamoto said health officials were projecting a further 70,000 cases in the next two months. At the present low mortality rate of 0.7 per cent, this would mean another 400 to 500 deaths.

The official death toll in 10 weeks now approaches 1,000. Over 48,000 patients have been hospitalized, a rise of 11,000 within a week. In all, some 131,000 Peruvians have now received medical treatment since the outbreak of the epidemic, the first ever recorded in Peru.

Doctors attributed the sharp increase in new cases to more people eating outside the home during the long Easter weekend. At Lima's largest public hospital, Archbishop Loayza, the number of daily cases has doubled in the past week.

Head of the specialist cholera unit at the hospital, Dr Juan Villareal, said it was "alarming" that more children were going down with the disease. "The natural protection they enjoy no longer seems adequate in the face of increased numbers of bacillae," he said. He feared that, with the return to school, still more children would be at risk from food consumed at street stalls, a recognised focus of infection.

Worst hit of Peru's departments is Cajamarca, which has only one doctor per 20,000 inhabitants. Around a third of all cholera deaths nationwide have been registered there. Congress declared the region an emergency zone this week because of the recent flare-up. Deputies claimed that medical supplies have been slow to arrive and are insufficient to treat the number of victims.

Economic damage from the epidemic continues to affect Peru's precarious finances. The government said that $60m-$70m had been lost in revenue from tourism in the epidemic's first two months. Peru's principal tourist centre, the ancient city of Cuzco and nearby Inca ruins of Machu Picchu, this week reported an 80 per cent drop in visitors. Nearly 40 out of 114 hotels have shut their doors.

# Venezuelan workers set on collision course

By Joe Mann in Caracas

THE Confederation of Venezuelan Workers (CTV), the country's largest organised labour group, looks set on a collision course with the government and business groups after demanding across-the-board wage rises ranging from 25-65 per cent.

Congressmen belonging to the CTV on Wednesday introduced a bill into congress calling for the rises, along with increases in the minimum wage to $185 per month, higher minimum old-age pensions, and a 180-day freeze on the sacking of employees.

The government and business groups have proposed much smaller wage increases, principally for low-income workers. Venezuelan business is particularly sensitive to a new legally enforced wage increase, because it must cope with the higher costs of a new labour law, taking full effect on May 1. This increases workers' rights and benefits.

At the same time, labour is pushing for another new law covering severance benefits which could raise costs even more. The CTV is demanding sharp rises in wages and pensions to offset inflation, which reached over 36 per cent last year and more than 80 per cent in 1989. Labour groups have threatened protests and strikes to win approval of their demands. In recent weeks Venezuela's largest cities have seen violent clashes between students and police which left two people dead.

The pre-May Day push for a wage rise, spearheaded by Mr Antonio Rios, CTV president, has been tarnished since Mr Rios and some of his high-level labour colleagues are being investigated for alleged corruption.

- Venezuela's non-oil exports rose to $3.35bn in 1990, according to official estimates, an increase of over 13 per cent from 1989.

Last year crude oil and refined products accounted for nearly 80 per cent of total exports of $17.6bn.

# Soldiers face Jesuit murder trial

NINE soldiers, including an army colonel, will be tried on suspicion of murdering six Jesuit priests, their cook and her daughter in El Salvador in 1989, a high court has ruled, Reuter reports from San Salvador.

The decision could lead to the first trial of a high-ranking Salvadorean army officer, Colonel Guillermo Benavides, for alleged human rights abuses, reflecting the weight of the case that shocked the world for its brutality.

The six priests and two others were shot on November 16, 1989, at point-blank range at the Jesuit-run University of Central America in San Salvador. The accused soldiers were part of a contingent patrolling the university campus on the night of the killings, which occurred at the height of a leftist guerrilla offensive.

Attorneys for the nine soldiers moved to block the trial in January but their petition was quashed by a San Salvador high court on Wednesday.

# Former BCCI chief plans new bank in Pakistan

By Richard Donkin in London and Farhan Bokhari in Islamabad

MR AGHA Hasan Abedi, founder and former president of the Bank of Credit and Commerce International (BCCI) is planning a new bank in Pakistan.

The move will come as a surprise to the international banking community which had hitherto believed that Mr Abedi, who underwent a heart-transplant operation in 1988, had been too frail to continue an active role in banking.

Mr Abedi, who now conducts his business from a wheelchair, resigned as president of BCCI in October 1990 but he had lost effective control of the bank the previous March. At that time he flew to Abu Dhabi to sell a 20 per cent shareholding that had been held by the Bin Mahfouz family of Saudi Arabia to Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi.

Mr Abedi returned to Pakistan where, according to former BCCI staff, he had meetings with Mr Nawaz Sharif, the president of Pakistan who recently lifted the 19-year moratorium on private banks and agreed to begin a programme of re-privatising four of the five Pakistani banks.

The Abedi proposals are among some 44 applications for private banking licences since the government announced its relaxations of private sector restrictions.

His proposed bank, to be called the Progressive Bank, is being hailed in some banking circles as a "son of BCCI" because of Mr Abedi's plans for rapid growth.

A Pakistan government official said that licence permissions would be formally announced in late April or early May.

It is not clear where Mr Abedi's funding for the venture is coming from but Arab investors are mooted as a possibility. New investors are only required to find a minimum paid up capital of 300m Pakistani rupees ($13.5m).

The 68-year-old Mr Abedi founded BCCI in 1972 after his United Bank of Pakistan was nationalised by President Zulfikar Ali Bhutto.

Backed by Arab shareholders it grew at a surprising rate until 1990 when it had branches in 73 countries. Tighter regulatory control over the bank and convictions for drug money laundering in the US last year against the two main banking subsidiaries led to increasing pressure on BCCI to reform.

Its biggest problems emerged, however, after bad debts uncovered by its auditors forced the bank to make provisions of $600m in 1989 leading to a $498m recorded loss.

In 1990 Sheikh Zayed is understood to have pumped in almost $1bn, including the Bin Mahfouz purchase and new equity needed to increase the bank's capital fund.

# Kuwait oil well fire tally now put at up to 800

By Peter Montagnon, World Trade Editor

UP to 800 oil wells in Kuwait are either on fire or gushing out of control, making the damage left by Iraq far greater than previously thought, Mr Peter Lilley, UK trade and industry secretary, said yesterday.

Previous estimates have spoken of 500 wells gushing or on fire.

Speaking on his return from Kuwait at the head of a British business mission, Mr Lilley said that the country's needs for infrastructure reconstruction had been over-estimated, but the rehabilitation of the oil fields had emerged as an area where British firms could make a significant contribution.

Executives accompanying him said the intense heat generated by the fires and unexploded ordnance had prevented anyone even entering large tracts of Kuwait's main Burgan oil field to inspect the damage since the Iraqis left.

UK companies had proposed a deal to reinstate a whole oilfield or part of an oilfield, starting with the clearance of unexploded ordnance and moving through to the re-establishment of life support systems, said Mr Walter Hogbin, chairman of Taylor Woodrow International.

The damage to the oilfields was "horrendous" and Kuwait had only minimal personnel resources to deal with it, he said.

The British team was clearly anxious to establish its credentials alongside the US fire-fighting teams co-ordinated by OGE Drilling of Houston and backed by the giant Bechtel concern, which have monopolised the work so far.

Mr Clifford Simpson, a senior executive of BP, said the US teams were working in an area close to the town of Ahmadi, south of Kuwait City where about 25,000 oil workers and their families are housed. However, no one was even attempting to put out the fires further away from populated areas.

Mr Hogbin said he expected a quick reply to the British proposal given the urgency of the situation, but he and other executives said the Kuwaitis were hampered not only by the problem of uncleared ordnance throughout the oil fields but also by a shortage of qualified personnel in planning and negotiating solutions.

Commercial opportunities were also greater than expected in the consumer goods sector, Mr Lilley said. Shops were having to restock from scratch after the Iraqi looting.

Mark Nicholson adds from Kuwait City: The US teams fighting the oil well fires in Kuwait said yesterday they had no objection to receiving assistance from European or any other oil companies, but said they doubted whether such companies had the relevant expertise.

Executives from Agip, Petrofina and Elf Aquitaine arrived yesterday to offer help with the fires, convinced that they can accelerate progress in putting them out – a task which the Kuwait government admits has got off to a slow start.

However, Mr Larry Flak, who is co-ordinating the four US teams at work in Kuwait, said he thought their practical assistance would be limited. "We have nothing against companies offering assistance," he said. "But oil companies don't generally have people with specific expertise in blow-outs."

Although Mr Flak has been reported as saying his men would go on strike if the Europeans were given a share of the firefighting work, he responded to the suggestion yesterday with a single, unprintable word which made it abundantly clear his men would not down tools.

The US team also rejected allegations that they were seeking to corner the contract to cap the blazing wells. "We are not here because we are more intelligent that anyone else," said Mr TB O'Brien, president of OGE Associates, one of the four teams. "We're here because we have been working with the Kuwait Oil Company for 12 years doing the sort of thing we are doing now."

However Kuwaitis are clearly alarmed at the scale of the problem and want help from wherever they can get it. The businessmen who visited Kuwait with Mr Lilley, said they left with the clear impression that Kuwait was interested in some of the equipment and techniques being offered by companies such as Taylor Woodrow and the Weir Group.

# Fugitives swamp Iran's brave efforts

Tehran now has more refugees than any other state, reports Scheherazade Daneshkhu

AS more and more Kurds flee across its border Iran has achieved the unhappy distinction of having the world's largest refugee population.

Until two years ago, it had 2.8m refugees. Some 2.2m were Afghans fleeing the civil war after the 1979 Soviet invasion and another 600,000 were Iraqis, mostly Shia Kurds, who had either been expelled or sought asylum during the Iran-Iraq war.

Only 10 per cent of these groups are estimated to have returned home since, leaving at least 2.5m refugees in Iran.

Now a further 900,000 Kurds have fled to Iran and Mr Vahid Dastjerdi, the head of the Iranian Red Crescent, fears there will be 1.5m by next week.

These figures suggest that Iran, population 55m, is already home to more refugees than any other nation. Pakistan has about 3.2m Afghan refugees. No other country comes near this, apart from Sudan with more than 1m Ethiopian refugees. Iran itself has seen an exodus of about 1m after the 1979 revolution.

Given the magnitude of the problem, it is unsurprising that the Iranian government should be pressing for international aid, particularly since it has received pitiful amounts in the past.

Until 1989, Pakistan had received $1bn in humanitarian assistance for refugees through bilateral aid and from the United Nations while Iran received only a twentieth of this figure.

The UN High Commission for Refugees (UNHCR) has given Iran a maximum of $18m in refugee aid annually since 1983.

"Iran has shown a remarkable ability to provide assistance to a large number of refugees," said Dr Stefan Sperl who worked on the UNHCR refugee assistance programme in Iran and is now lecturer in Arabic at London University's School of African and Oriental Studies. "It has coped with this major influx virtually alone – the only country to do this on this scale this century."

The main organisation for relief assistance is the Iranian Red Crescent. When waves of Iraqis came over in 1986-87, it quickly established refugee camps with running water and provided food.

A CRYING SHAME: A Kurdish woman and her children wait to enter a camp near Sardasht in western Iran

Health assistance provided by the government has been singled out as the most important form of help by relief workers. Afghan refugees have usually arrived ill in Iran, while many of the Iraqis were victims of chemical attacks. But Iran's own lack of doctors and medical facilities has made this an uphill struggle.

Once the asylum-seekers are registered as refugees, they are given free access to education and can obtain food ration cards on the same basis as Iranians. Many of the Afghans are not registered as refugees however. In an effort to clamp down on the surging numbers, Iran imposed entry limits from 1983, refusing to admit men between the ages of 15 and 50. Those caught for illegal entry are returned to mujahedin-held territory in Afghanistan and a steady stream of Afghans moves between the Pakistani and Iranian borders.

Around 500,000 Afghans lived in Iran as labourers in the 1970s and did not return home after the Soviet invasion. This gave the Afghans a social network, making it easier for refugees to make a start. In addition, spontaneous Afghan settlements have grown, such as Shamsabad in the east with a population of 60,000. These cannot be classified as refugee camps since they are economically self-sustaining towns.

One reason for Iran's ability to cope with the huge numbers of Afghan refugees has been its unusual policy of integrating them into society. This cuts down the need for aid to overcrowded camps.

However, the Afghans have been among those worst affected by Iran's economic difficulties. They have moved to the cities where they compete with Iranians for scarce unskilled jobs – a situation which has worsened since 1988, when the end of the Iran-Iraq war released many Iranian men from the army. Many are associated with the increasing problem of drug addiction and crime.

The situation for Iraqis refugees is worse because they have been unable to integrate as well as the Afghans. Recently the Iranian government has imposed restrictions, refusing to allow Iranian women to marry Iraqis. Although they are allowed into the government's educational system, this is so overstretched that many are unable to go to secondary school, let alone university.

Moreover, while there are no refugee camps for Afghans other than transit stations, at the other end of the country some 80,000 Iraqis are still living in camps. One of the largest is the Jarom camp near the war-devastated city of Ahwaz in the south west. "Their situation is not easy," said one UNHCR official. Many of the refugees are psychologically disturbed and aware that they have no future in Iran. Can Iran deal with the latest influx of refugees? "I don't think any country can cope with this," said the official.

It may seem surprising that Iran continues to accept refugees. There is a strong humanitarian element involved but there is also the hard-headed realisation that accepting large numbers of refugees from its neighbours gives Tehran leverage in their political future.

# Air power enough to restrain Iraqi army

By David White, Defence Correspondent

AIR POWER would provide sufficient means if necessary for the US, with support from other countries, to contain any Iraqi military action in the Kurdish region of the country without recourse to ground forces, military experts believe.

The question has gained relevance following Wednesday's imposition by the US of a ban on military air activity in Iraq north of the 36th parallel, with a warning to Baghdad not to use air or ground forces to impede the United Nations relief effort.

Policing of the region by aircraft and helicopters is thought feasible – on the lines of the "air control" policy successfully pursued by the British in Iraq in the 1920s.

This would be much less problematical than involving ground troops, who would face a tremendous task trying to secure the region and its border with the remainder of Iraq.

The only troops that could be put into the zone immediately would be lightly-armed airborne forces, either paratroops or air-transportable units, the experts said.

The US has more than 300,000 service personnel in the Gulf region, more than half the total it had during the war over Kuwait. However, with a number of front-line units already pulled back and others being redeployed before withdrawal, defence analysts said it would create severe logistical difficulties to try to reverse the process at this stage.

"One must also take into account the size of Iraqi forces operating in the [Kurdish] area, and there are arguments for supposing that they are relatively small," Group Captain David Bolton, director of the Royal United Services Institute for Defence Studies, said.

The US and its allies would be able to take advantage of the air superiority clearly established during the war for the liberation of Kuwait, during which Iraq's substantial ground-based air defences proved largely ineffectual. The US could bring large numbers of combat aircraft into play from bases in Saudi Arabia and other Gulf states as well as Turkey, and from aircraft carriers remaining in the region.

# Sierra Leone asks US for military help

By William Keeling in Lagos

SIERRA Leone has asked the US for military help after an incursion by Liberian rebels into the east and south of the country last month. At least 150 are said to have died.

The State Department said the request was being studied urgently and that the US was concerned that the incursion could "portend regional destabilisation in West Africa".

Heavy fighting continues to be reported. The victims include the president of Sierra Leone's supreme Islamic council, Alhaji Jallo Timbo.

The appeal to the US follows a talks last weekend between President Joseph Momoh of Sierra Leone and President Ibrahim Babangida of Nigeria. Diplomatics said the two leaders considered sending Nigerian arms and ammunition to Sierra Leone.

Both countries are members of the West African task force which intervened in the Liberian civil war last August. A tentative ceasefire has been in place for several months but Mr Charles Taylor, the main rebel leader, has yet to recognise the authority of the Liberian interim government set up by the task force and he continues to oppose the presence of the task force.

The invaders call themselves the Revolutionary United Front and claim to be Sierra Leonian. They are believed to be under Mr Taylor's control.

# Li loses appeal in Hong Kong

By Angus Foster in Hong Kong

MR RONALD LI, the jailed former chairman of the Hong Kong stock exchange, has lost his appeal against conviction on corruption charges.

The three appeal court judges also turned down Mr Li's appeal against sentencing. Last October, Mr Li was found guilty of corrupt share dealings and sentenced to four years jail, ordered to pay costs estimated at about HK$10m ($1.2bn) and return more than HK$860,000 in profits from illegal share dealings.

After hearing submissions from counsel the judges announced they were unanimously of the opinion the convictions were unimpeachable.

The court has delayed giving its reasons for the judgment until further notice. Mr Anthony Scrivener, counsel for Mr Li, said his client would almost certainly appeal to the Privy Council in London.

Mr Li was found guilty of accepting shares from merchant bankers in return for helping with, or not obstructing, the stock market listings of Cathay Pacific Airways and Novel Enterprises in 1986 and 1987 respectively.

He is one of the wealthiest men in Hong Kong. His conviction was seen as a victory for the Hong Kong government which has tried hard to improve the colony's image as a financial centre with a competent legal system.

NEWS IN BRIEF

## Melbourne newspapers affected by strike

Journalists at two Melbourne newspapers run by Mr Rupert Murdoch's News Corporation went on strike for 24 hours over the sacking of a union official, Reuter writes from Sydney. Staff at the Herald-Sun and Sunday Herald-Sun took action in support of Mr David Glanz, house committee president of the Australian Journalists' Association. Mr Glanz was one of 20 editorial staff sacked yesterday as part of moves by The Herald and Weekly Times, a News Corporation subsidiary, to axe 70 jobs

## Index hints at recovery

A leading index of the Australian economy rose 1.2 per cent in February following a 0.1 per cent rise in January, AP-DJ reports from Sydney. But Westpac Banking Corporation, which compiles the monthly index along with Melbourne University's Institute of Applied Social and Economic Research, said the index "is not yet clearly foreshadowing economic recovery in the months ahead. The leading index would have to rise at least one more month before we would see it as a clear signal of recovery later this year."

## Thai industrial output up 12.5%

Thailand's industrial output rose a preliminary 12.5 per cent year-on-year in February against a revised 12.9 per cent the previous month and 16.8 per cent a year ago, the Bank of Thailand said, Reuter reports from Bangkok. The bank earlier put the January growth at 12.8 per cent.

## Protests disrupt Cameroon town

Thousands of anti-government protesters paralysed the Cameroon town of Bamenda yesterday and two other cities were disrupted by strikes and pro-democracy ferment, residents said, Reuter writes from Yaounde.

## Tamil rebels die in fighting

Government troops recovered the bodies of 77 Tamil rebels killed by the army in eastern Sri Lanka, military officials said yesterday, AP writes from Colombo. Seven soldiers also were killed and 17 wounded in the army's raid Tuesday on a rebel training camp and base at Toppigala in the eastern Batticaloa district, said the officials. Batticaloa is 135 miles east of Colombo, the capital.

# Baker gains some approval

By Tony Walker in Cairo

MR JAMES BAKER, the US secretary of state, has gained qualified moderate Arab support for his efforts to promote a limited regional peace conference leading to bilateral talks between Israel and its neighbours.

But Egyptian and Saudi officials fear that Israeli opposition to participation of credible Palestinian representatives will undermine renewed peace efforts.

Mr Baker met President Hosni Mubarak of Egypt on Wednesday evening and had follow-up talks in Cairo yesterday with Prince Saud al-Faisal, the Saudi foreign minister, before leaving for Damascus.

On the eve of Mr Baker's arrival, Syria's official media repeated Damascus's hardline stand that anything less than full implementation of UN resolutions demanding Israel's withdrawal from occupied Arab land was doomed to failure.

US officials travelling with Mr Baker on this his second peace mission to the Middle East in less than a month said the secretary of state was encouraged by the support he had received for his regional conference proposal first from the Israelis and then from the Saudis and Egyptians.

Arab states have been pressing for a full-scale international Middle East peace conference attended by parties to the dispute, including the Palestinians, plus the five permanent UN Security Council members.

Syria has been foremost among Arabs in its advocacy of such a conference. Damascus wants to be sure than any Middle East peace settlement includes an Israel agreement to withdraw from the Golan Heights, seized in the 1967 Six-Day war.

Israel is bitterly opposed to an international conference, fearing that it be heavily outgunned at such a gathering. It has also said it will never deal with the "terrorist" Palestine Liberation Organisation.

Mr Baker has been in consultation with Arab moderates for creative ways to engage credible and representative Palestinians, without stirring up a hornet's nest in Israel.

The PLO opposes a regional conference, but significantly it did not seek to prevent Palestinians from the West Bank and Gaza Strip meeting Mr Baker in Jerusalem this week.

PLO officials say they will be flexible on procedures to revive the peace process, but warned that any initiative to exclude the organisation would fail.

# Job fears stem flow of immigrants

By Hugh Carnegy in Jerusalem

ISRAELI officials yesterday expressed concern that lack of employment for Soviet Jewish immigrants was causing a sharp drop in the numbers moving to Israel.

Soviet immigration this year is now projected at no more than 200,000, the same level as 1990 but only half earlier estimates. The Gulf war, when Israel was hit by Iraqi missiles, caused a slump in immigration in January and February, but figures are not picking up as much as officials had hoped.

The issue could become a political liability for Mr Yitzhak Shamir, the prime minister, who is committed to maximum Soviet immigration in line with Israel's principle of providing a home for all Jews.

March saw an unprecedented 37 per cent rise in the number applying for unemployment benefit as more immigrants ended their initial period of direct state support.

Mr Michael Kleiner, chairman of the parliamentary immigration committee, said he was alarmed by clear signs that Soviet Jews were hesitating about coming to Israel after hearing negative reports from friends and relatives already in the country.

He and other senior figures are calling on the government to take radical steps to increase employment by a big increase in direct state subvention.

# Turkey's change of policy on Kurds falls short of solution

By John Murray Brown in Cukurca, Turkey

WHEN Turkey's prime minister Mz Yildirim Akbulut arrives in Cukurca on the Turkish-Iraqi border today, he will see a picture of Kurdish misery which even the historically misfortuned minority are finding hard to comprehend.

In Turkey, there are an estimated 10m Kurds, a point which goes some way to explaining Ankara's policy towards the 280,000 Kurds who have now arrived hungry and war-weary from northern Iraq.

Since the mid-1980s, Turkey has faced a guerrilla campaign in its own Kurdish-speaking regions, waged by the Kurdish Workers Party PKK, local Kurds calling for independence of Turkish Kurdistan.

But with news of the early successes of the Iraqi Kurds, Turkey has had to re-think its Kurdish policy, concerned not to be out-manoeuvred by Iran and Syria, both of whom have provided a political base for the anti-Baghdad Kurdish opposition.

In March, Turkey's President Turgut Ozal moved boldly to invite Mr Jalal Talabani and other leaders of the Iraqi Kurdish opposition to Ankara.

The President then urged parliament to lift the ban on the Kurdish language, a proposal now blocked by nationalist politicians.

Of even more concern to the nationalists, Mr Ozal then floated the idea of a political amnesty covering members of the PKK which, since 1984, has been fighting a sporadic guerrilla campaign for the independence of Turkish Kurdistan using Syrian support.

As President Saddam Hussein tightens his grip on North Iraq in the wake of the collapse of the short-lived Kurdish rebellion, Ankara now estimates around 400,000 refugees will seek to cross the border into Turkey, 600,000 in three weeks.

Ankara's policy which continues to be the confinement of the refugees to the border, is presenting horrendous problems, and not just logistical.

At the nearby Hakkari hospital, there are men with missing feet, legs blown off by landmines while crossing the border. A number have lost limbs searching for wood close to the camp.

Turkey was strongly criticised last week, after it announced it had closed the 250-mile frontier, warning extra security measures had been taken.

Ankara is concerned not to see a repeat of the 1988 crisis when 60,000 Kurds entered the country in the wake of Saddam Hussein's chemical attack on the village of Halabja. Of those, 28,000 remain in camps in three camps in the south east, while less than 2,000 have been successfully resettled.

At Cukurca this week, refugees particularly those from the minority Christian groups, who suffered perhaps more than the Kurds, talked of seeking asylum in a new country: "We want to go to any country, the USA, France, Kuwait, even *Jihanam* (hell)."

But Washington's warning to Baghdad not to venture beyond the 36th parallel, has breathed fresh life into the UK's proposal to create a safe haven inside North Iraq. Parallel 36 would take much of what is considered historical Iraqi Kurdistan.

"I think 80 per cent of the people would go back," saidMr Yacob Youssif, a member of the official Iraqi opposition. Indeed conditions have become so appalling that refugee officials say a few hundred are already trickling back into Iraq despite the uncertain climate. The death toll is rising, 23 people overnight.

Aid agencies were yesterday starting to get to grips with the problem. The UK's Overseas Development Administration, the UK government aid arm, together with Oxfam and Save the Children had sent representatives to Turkey's south east yesterday. Save the Children is setting an immediate operation to supply the Turkish Red Crescent with food. Oxfam has sent a water engineer to the border area to look at supplying fresh water.

Diplomats say the aid is already stockpiled, but transportation to the border areas is the real problem.

# EC loses first round of Airbus dispute at Gatt

By William Dullforce in Geneva

THE EUROPEAN Community yesterday failed in its bid to modify the terms of reference for a disputes panel under the General Agreement on Tariffs and Trade (Gatt), which will hear a US complaint against German subsidies to sales of Airbus aircraft.

Ms Angelina Yang, chairwoman of the Gatt subsidies committee, announced that the panel would work to the standard terms of reference.

Initially, the EC had argued that disputes over subsidies to the French-German-British-Spanish Airbus consortium should be dealt with under Gatt's civil aircraft code which states that "special factors" can be taken into account when assessing government support to the aircraft industry.

After deciding on March 6 that it was competent to appoint a disputes panel at Washington's request, the subsidies committee allowed time for the EC to persuade the US to agree on modifications to its terms of reference that might take into account the provisions of the aircraft code. The US refused any modification.

This week the EC's call for a joint meeting of the subsidies and civil aircraft committees was also denied.

Yesterday, the EC reserved its rights on the findings of the panel which it said could now only work on an inadequate and incomplete legal basis. The members of the panel have still to be agreed.

The panel will examine a US charge that the exchange rate pledge, which the German government gave to Daimler-Benz, when the industrial group took over Messerschmitt-Bölkow-Blohm, is illegal under Gatt.

Bonn agreed to supply up to DM2.63bn ($1.87bn) to cover exchange rate losses on sales of Airbus aircraft, if the dollar fell below DM1.60.

The Americans claimed in February that the German government had already paid out DM390m under the scheme, amounting to roughly $2.5m on each aircraft delivered.

In the meantime, bilateral discussions between the Community and the US on the wider issue of overall EC governmental subsidies to Airbus Industrie are at a standstill.

# Toyota to start sales in Israel

By Robert Thomson in Tokyo

TOYOTA Motor, Japan's largest car maker, announced yesterday that it plans to begin exports to Israel later this year, ending a self-imposed ban maintained for fear of boycotts by Arab nations.

The company said yesterday that shipments would start later this year and a sales target of 5,000 units had been set for 1992, which would give Toyota about 5 per cent of the passenger car market.

While several Japanese makers, including Mitsubishi Motors and Fuji Heavy Industries, already export to Israel, Toyota has not wanted to threaten sales of around 120,000 units annually to Arab League members, some of whom impose a boycott on companies doing business with Israel.

The company said the decision was taken because of its belief in free trade and because of perceived changes in Arab attitudes to Israel in recent months. Toyota last year exported 81,000 cars to Saudi Arabia and 12,000 to Oman, its two largest Arab markets. It has reached a dealership agreement with Union Motors, which is based in Tel Aviv.

# Koreas in first direct deal since war

By John Ridding in Seoul

A SOUTH Korean company is to supply 5,000 tons of rice to North Korea in a barter deal which will be the first direct trade between the two countries since the Korean peninsula was divided after the Second World War.

South Korea's National Unification Board, in charge of relations with North Korea, said yesterday that it had given approval to the Cheonji Trading company to supply the rice. In return, the South Korean company will receive 30,000 tons of anthracite coal and 11,000 tons of cement.

The transaction reflects North Korea's attempt to alleviate a serious food shortage and is seen as a step towards expanding trade links and improving relations on the divided peninsula. "We think that this is a significant step in relations between the two countries," said Mr Lee Joung Binn, assistant minister for political affairs at the Foreign Ministry in Seoul. "It means that North Korea has decided to formally accept trading with us."

He said that the development of trade links was in line with Seoul's policy of achieving reunification through expanding contacts between the two Koreas. The South Korean government has allowed companies to trade with the North since October 1988.

Cheonji Trading signed a contract for the barter deal with North Korea's Kumgangsan International Trade Development Company at the end of March. The rice will be shipped to Nampo, a North Korean port, by a third country vessel. It will return to the South Korean port of Inchon with the coal and cement.

A spokesman for Cheonji Trading said that the deal was purely a business decision. Average international prices value the rice shipment at about $1.75m, and the shipment of cement and coal at $1.64m.

Until now, trade between the two Korea's has been conducted through third countries. From the beginning of 1988 to the end of February this year, such indirect trade amounted to $62.8m, according to statistics from the NUB.

Imports from North Korea have included cement, zinc, fish and potatoes. Exports from the south have included electric appliances, sugar and cigarette filters.

## OECD Export Credits Rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates for officially-supported export credits (March rates in brackets): D-MARK 9.50 per cent (9.60); FRENCH FRANC 10.39 (10.68); GUILDER 9.80 (9.65); ITALIAN LIRA 12.69 (13.00); YEN 7.50 (7.30); PESETA 14.15 (15.13); STERLING 11.27 (11.23); SWISS FRANC for credits less than eight years 9.30 (same); credits of over eight years 8.55 (same); US DOLLAR for credits of up to five years 8.67 (8.37); for credits of over five years 9.07 (8.77).

These rates are published monthly by the Financial Times, normally on the second Tuesday or Friday of each month, whichever is sooner. They apply to all export credits, except that on those to middle-income and poor developing countries the OECD matrix rate can be used if lower. This is a standard set of rates reviewed twice a year, in January and July.

# Japanese face new EC probe

JAPAN is allegedly dumping aluminium electrolytic capacitors into the European Community, according to EC component producers, Andrew Hill writes from Brussels.

The European Commission yesterday opened an investigation into alleged dumping after a complaint that Japanese manufacturers were undercutting Community competitors by over 50 per cent.

Companies subject to the probe are Elna, Shin-Ei Tushin Kogyo, Marcon Electronics, Nichicon, Hitachi Condenser, Matsushita Electric Industrial and Nippon Chemi-con.

# US steel traders seek concessions

By Nancy Dunne in Washington

AMERICAN steel traders have this week descended upon Washington to lobby for modification of US anti-dumping rules to prevent disruption of world steel trade when US steel quotas expire next March.

With talks in the Uruguay Round at a virtual halt, the importers are worried that the 2½-year quota period will expire before international rules are agreed on to phase out government supports for steel. US producers have threatened to bring dozens of dumping cases to prevent a flood of cheaper foreign imports.

Officials of the American Institute for International Steel are seeking assurances that anti-dumping rules will take into consideration the dramatic fluctuation of exchange rates. These leave them vulnerable to dumping charges, even though prices may have been set in contracts months or years before delivery.

Mr Gary Horlick, a Washington trade lawyer for the Institute, said anti-dumping rules were written years ago for fixed exchange rates or those which changed slowly. An unfounded anti-dumping complaint can disrupt trade for a year or longer while the investigation is underway. A finding of dumping can continue the disruption for years.

The anti-dumping regime creates an enticement for the filing of cases whether meritorious or not. This is particularly true with steel, where many cases have been filed.

The Institute is also urging that the exchange rate factor be written into a multilateral steel agreement. Along with the elimination of trade-distorting subsidies, tariffs, and non-tariff barriers, they are urging the banning of "disguised restrictions on steel trade".

# Telecom market in France loosens up

By George Graham in Paris

SOCIETE Française de Radiotéléphonie (SFR), the French private sector radio telephone operator, has ordered equipment worth an estimated FFr3bn (£300m) to equip its newly authorised digital communications network.

The new network will use the pan-European digital standard GSM, competing with a similar GSM network that France Telecom, the state telecommunications organisation, has been authorised to open.

The main contractor for SFR's FFr3bn order is Alcatel, the telecoms equipment company owned by France's Alcatel Alsthom group in partnership with ITT.

The contract will also, however, involve the first important breakthrough into the French telecoms market for GPT, the UK telecommunications company owned by GEC and Siemens. GPT, which set up in France two years ago, heads a consortium including Siemens and TRT-Philips, and estimates that the contract could mean £100m of business over the next 10 years.

"We always recognised that this would be a difficult market to penetrate. This is the prize at the end of two years of hard slog," said Mr Rupert Soames, head of GPT in France. SFR said Alcatel would initially supply the infrastructure for the Paris GSM network, and GPT that for the Lyons network.

■ Alcatel, the Netherlands-based telecommunications group, and the Belgian telecommunications organisation are to set up a private telephone network in Moscow in partnership with the Soviet Telecommunications Ministry.

The network will be restricted to subscribers who can pay in hard currency, and will offer them a service with a satellite link.

# World business community fears 'green' dumping

**John Hunt reports from Rotterdam on industry's conference on management of the environment**

DISTORTIONS to world trade caused by ever-tougher environmental regulations imposed by national governments is causing anguish to international business leaders meeting in Rotterdam this week at the world industry conference on environmental management organised by the International Chamber of Commerce (ICC).

There are fears that widely differing environmental standards between countries – particularly between the industrialised and developing worlds – will lead to environmental dumping. Goods and raw materials produced in a country with lax environmental standards may be sold in a country where the domestic industry is handicapped by a tougher environmental regime.

A nation with low standards is, in effect, providing a "green subsidy" to its own industry. There is also the danger that governments may give advantage to their domestic industries by providing cash subsidies to meet higher standards to control pollution.

Problems have already arisen over allegations that countries are using stiff environmental rules as an artificial barrier against foreign imports.

"The connection between trade and the environment can become the number one trade issue of the 1990s," Mr Charles Carlisle, deputy director-general of the General Agreement on Tariffs and Trade (Gatt) told the conference.

Solutions are difficult. Preventing environmental controls being used as an artificial barrier against trade is a new area that Gatt is not keen to take on, bogged down as it is with the complexities of the Uruguay trade round.

"It poses a major problem," said Martin Wassell, economic director of the ICC. "Nobody is very sure how to get a grip on it."

Problems that have arisen include a test case before the European Court over a law introduced in Denmark that beer and soft drinks should be sold only in returnable bottles with a compulsory deposit. Brewers from other countries complained that the cost of recycling bottles wiped out their profits in Denmark, while the Danes could still export their beer to countries which had no such restrictions.

The European Commission complained to the European Court that the Danes were imposing disproportionate environmental protection. But the court backed Denmark, thus permitting environmental considerations to over-rule concern over free trade.

Difficulties arise when a country tries to make others adhere to its own environmental standards. Currently the US is prohibiting imports of tuna from several countries on the grounds that the countries kill more dolphins than the US considers appropriate.

Mexico has cried foul and complained to Gatt that the US is using an environmental pretext to ban imports of tuna. The matter is now before a Gatt dispute-settlement panel.

The whole impetus of the ICC meeting, attended by 700 business leaders, is in favour of the expansion of free trade and continued economic growth so long as it is compatible with protection of the environment – the concept of sustainable development.

A debate on trade and the environment is expected soon at a regular meeting of the council of Gatt.

Meanwhile, the ICC will work on the issue and intends to present a policy paper to the world environment development conference in Brazil next year when an international convention to combat global warming will be drawn up.

Some ICC members believe that a "bottom up" solution will emerge, with harmonisation of environmental regulations being initiated on a regional basis by institutions such as the Economic Community and the OECD.

## UK NEWS

# Greens wilt as their vote wanes

By Ralph Atkins

A WILTING Green Party yesterday opened its spring conference amid growing internal factionalism, desperate opinion polls, and near-zero demand for cashew nut paella and carrot cake at Bridlington's spa conference centre on the English east coast.

An overstretched party will fight only about 11 per cent of the seats up for election on May 2, but even that will mean about a tenth of its 15,680 members standing as candidates.

As the Greens prepare to launch the local election campaign this weekend, the party has returned to where it has been for most of its existence – on the sidelines of politics, viewed as "loopy" by the mainstream parties and refusing to play the normal rules of politics.

Organisational problems are openly acknowledged. Some members blame finances. The party's annual turnover is no more than an average Conservative constituency association. Others blame "the tyranny of structurelessness."

Attempts to improve party organisation have backfired. At the time of the European elections in 1989, the party had three national speakers and 15 per cent in opinion polls. Now it has 32 speakers and a statistically insignificant standing in opinion polls.

Some speakers are believed to be threatening to resign if no reforms are made at the Party's autumn conference, prompting speculation that a rival Green Party could be set up.

In practice, the British Greens – like sister parties across Europe, most notably in Germany – have devoted as much attention to internal bureaucracy as selling their message. It's a Catch-22 situation, because reformists have to work within the existing system.

All members have a right to attend conference and have a say in decision-making. "I have been to five Green Party conferences, but I have not yet been able to work out who is doing what," protested one member yesterday in the middle of an exhausting session of procedural gobbledegook.

# Anti-federalists likely to rue attack on Major

By Ivo Dawnay, Political Correspondent

THE astonishingly intemperate attack on UK Prime Minister John Major by the Bruges Group may have temporarily wounded a prime minister already noted for his sensitivity to criticism.

But it has also all but disarmed what has long been one of the few genuinely powerful lobby groups on the Thatcherite right. This bonus will not cut much ice with Mr Major, however.

Coming on top of the Labour opposition's repeated accusations of "dithering" and recent carping from the sidelines by Young Conservatives, the all-out assault from supposed friends of the Tories is more than a mere irritation.

Like it or not, it will serve to reinforce, at least in some voters' minds, an accumulating impression of weakness and indecision that Mr Major has been struggling to shrug off.

The silence from Downing Street and Conservative Central Office was deafening. And while few Tories had actually seen the statement, there can be little doubt that their jaws would also drop with a quick glance at the language it employed.

Not only, did it accuse Mr Major of "wobbling", dissembling and demeaning gesture politics; it virtually levelled the charge of complicity through inaction in genocide of the Iraqi Kurds.

"Was the price paid for the overthrow of Mrs Thatcher paid for with the blood of thousands of innocent Iraqis?" it asked.

The statement then went on to charge the prime minister with refusing to clarify his position on political and economic union in the EC, preferring to lead a "charm initiative to disarm Chancellor Kohl".

Undoubtedly, the attack reflects a small, probably very small, body of opinion within the Tory party which is seriously concerned at a perceived softening of the party leadership's dealing with Britain's EC partners.

Equally, it is now clear, it was written without wider consultation by just two officials – Mr Patrick Robertson, the group's 22-year-old secretary, and Dr Alan Sked, a London School of Economics historian who serves on its council.

Thatcher: denounced attack on her successor at No 10

But what has rocked many of the Bruges Group's members and supporters has been the political naivety of a statement published in their name. Few doubt it has now seriously undermined what – since its founding in the wake of Mrs Thatcher's celebrated Bruges speech in 1988 – was viewed as the most politically influential voice of anti-EC federalism in British politics.

Yesterday, both co-authors of the statement were defending their action by underlining the group's official non-partisan credentials.

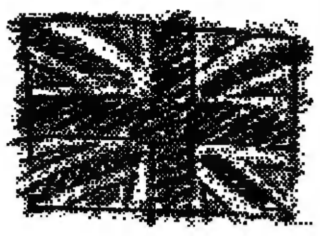
This will impress few. While the group's confidential membership list may well be open to all, no-one doubts the basic political sentiments of a lobby that claims the backing of more than 100 Tory MP members and proudly boasts Mrs Thatcher as its honorary president.

Denunciations of the statement by Mrs Thatcher herself, Mr Norman Tebbit, and prominent anti-federalist MPs like Mr William Cash, together with promises of an inquiry by Lord Harris of High Cross, its cross-bencher chairman, may not be enough to right the damage.

Indeed, one confidant of Lord Harris said that he was privately speculating yesterday as to whether the lobby could now survive.

Ironically, this heavy-handed attempt to bully Mr Major back on to the straight and narrow path of Thatherite European policy may have played right into the pro-Europeans' hands.

## BRITAIN IN BRIEF



### Elf plans big investment in refinery

Elf Aquitaine, the French oil group, plans a major investment in the Milford Haven refinery in Wales which it bought last year from Amoco, even though the £300m acquisition is still under investigation by the UK Monopolies and Mergers Commission (MMC).

Elf said it planned to build a new £36m naphtha isomerisation plant in partnership with Murphy Oil Corporation to increase its capacity for producing lead-free petrol at Milford Haven.

The Amoco deal, which included around 250 petrol stations as well as the Milford Haven refinery, was referred to the MMC by Mr Peter Lilley, the trade and industry secretary, despite advice of the Office of Fair Trading that there was no need to launch an inquiry.

### European court threatens action

The government may face action in the European Court of Justice over the way it has implemented EC laws on the control of noise at work.

The European Commission has written to the government saying that UK legislation does not adequately reflect the intention of a European directive on noise. The government's response is being considered but it is likely that the Commission will press ahead with formal proceedings, which could culminate at the European Court.

The clash between the government and the Commission has implications for other EC health and safety directives which will have to be incorporated into UK law.

### Personal loans fall sharply

Lending to the personal sector has fallen sharply as the recession has affected the demand for credit, according to official figures.

In its latest quarterly analysis of bank lending to UK residents, the Bank of England said the personal sector's share of the latest increase in sterling lending had fallen to 12 per cent. It was the lowest quarterly figure since the current series began in the quarter to February 1987.

Industrial and commercial companies' appetite for sterling was sharpened by takeover activity and the sector accounted for a 47 per cent share of in the increase in lending of £7.5bn in the three months to end-February.

### Motorways get £312m upgrade

More than 80 miles of Britain's motorways will be repaired this year in a record £312m road maintenance programme.

The Department of Transport says it will spend £18m more in 1991-92 on the motorways and trunk roads maintenance programme than in 1990-91.

Mr Christopher Chope, roads and traffic minister, said new systems and techniques were being developed to minimise delays while the work is carried out.

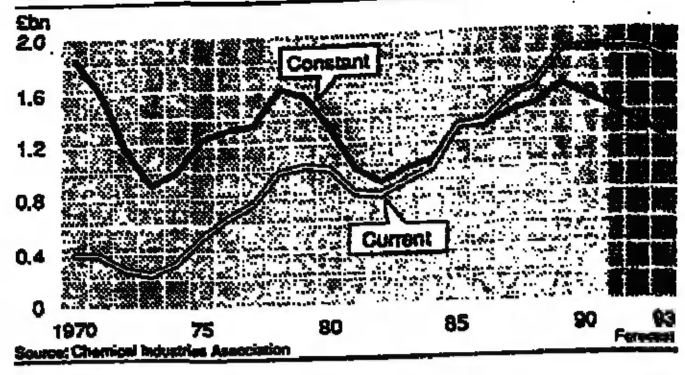
### Sinn Fein wins RUC damages

Mr Hugh Annesley, Chief Constable of the Royal Ulster Constabulary, has been ordered by the High Court in Belfast to pay £5,000 damages to Sinn Fein, the political-wing of the Irish Republican Army (IRA).

Mr Justice Kembell ruled that the police had no authority to seize or retain property and documents from the party's offices using search warrants for unrelated offices in the same Belfast building which were raided by anti-racketeering officers last year.

The court ruling is certain to embarrass the British government, which has consistently criticised Sinn Fein for its support of the illegal IRA.

Fixed capital expenditure by the chemical industry




Source: Chemical Industries Association

### Chemical investment falls by 8%

Investment by the UK chemical industry fell by 8 per cent in real terms in 1990 and will decline by a further 4.5 per cent in 1991, according to the annual investment intentions survey released by the Chemical Industries AssociationMr Keith Wey, the association's senior economist, warned: "1991 is going to be a very tough year and if the economic outlook and performance do not improve or show signs of improving in the second half, this year's investment programme may still prove to be too optimistic." The association is now predicting a 3-4 per cent fall in UK chemicals output in 1991. The investment survey, which includes all large chemical companies in the UK, shows the downward trend continuing into 1992 and 1993.

### Customs attack BT 'bullying'

The UK Customs and Excise office has criticised British Telecom, the communications network, for using "bullying" tactics over its need to levy new tax charges in its phone bills.

BT earlier this week blamed Customs and Excise for not giving it an extension of six weeks to give it time to adjust its computer systems to take account of the 2.5 per cent increase in Value Added Tax announced in the budget last month.

Customs and Excise responded by accusing BT of thinking "they are so big they can bully anyone, including us".

Customs claimed BT had no excuse for being unprepared for the VAT increase because they had been told 10 years ago to make sure their computers were ready for any adjustments in the tax.

### Steel output falls

UK steel production in March was 11.2 per cent down on the same period last year at an average of 329,700 tonnes a week, according to British Steel and the Independent Producers' Association.

### Lloyd's 'will be' cleared of fraud

Mr Alan Lord, a deputy chairman and chief executive of Lloyd's of London, confidently claims the current investigation by the Serious Fraud Office would clear Lloyd's within the next four to six weeks.

News that the SFO was looking at the possibility of an investigation into allegations of possible fraud in the Lloyd's insurance market came to light just before Easter.

The SFO's enquiries centred around the so-called "Donner" affair which related to certain roll-off reinsurance contracts, where it was alleged that certain relevant information was deliberately withheld from the underwriters.

### Companies fail

More than 4,000 companies could fail this year, compared with 2,634 in 1990 and 1,187 in 1989, according to a survey by KPMG Peat Marwick McLintock, the accountancy firm.

Its latest survey showed 1,089 companies were placed in receivership in the first three months of the year, an increase of 26 per cent.

## UK NEWS

# UK travel agents association 'secure'

By Clay Harris

THE ASSOCIATION of British Travel Agents (ABTA) yesterday expressed confidence that it was "financially secure" after an independent review this week by accountants KPMG Peat Marwick McLintock.

ABTA, nevertheless, expects to report a "significant loss" this year, Mr John Dunscombe, president of the association, said yesterday after the organisation's annual general meeting held at Llandudno, on the Welsh coast.

ABTA has been hit in recent weeks by the failures of two school tours operators, Sun Living, and Adventure Travel and International (ATI).

ABTA has estimated its exposure at £3m for the first failure and £1.4m for the second, and as a result the association has imposed extraordinary levies totalling £3.1m on its members.

As an austerity measure, which also reflects the difficult trading conditions in the holiday sector encountered by many members, ABTA also cancelled its annual convention due to be held in Orlando, Florida, in October.

Mr Dunscombe said one of the difficulties in assessing the collapse of ATI, based in Shipley, West Yorkshire, was the problem in gaining information about the company.

He said, however, that any non-ABTA member to which ATI's customers assigned their right to refunds would "not necessarily" be paid.

The ABTA annual meeting approved a new subscription formula which will benefit small chains of travel agents at the expense of large agents with multiple outlets.

Japanese group allays criticism over manufacturing commitment

# NSK to build European research centre in Britain

By Andrew Baxter

NIPPON SEIKO (NSK), Japan's largest producer of bearings, is to spend about £10m on a European research centre at Ruddington near Nottingham, central England.

The move comes a year after NSK's £145m takeover of United Precision Industries, the biggest British-owned manufacturer of bearings.

The deal was the biggest Japanese acquisition in the UK and marked a further step in the consolidation of the European bearings industry.

The research centre is the first significant UK investment decision by NSK since the takeover, and should allay initial crticisms by some UK industrialists that the sale would add to the progressive weakening of Britain's manufacturing base.

The new facility will be the research centre for NSK and UPI in Europe. Mr Toshio Arata, NSK president, said it would reinforce NSK's "long-term commitment to Europe and is designed to ensure that we stay in the forefront of precision technology."

Additionally, Mr Arata expects a strong flow of technical information between Europe and Japan.

The new centre would be one leg of a "tripolar" research and development system for Japan, North America and Europe.

The new centre will be built at Ruddington Fields Business Park on a seven-acre site. When it opens in March next year, initial staffing will be 30, some of whom will have transferred from other group facilities in Newark and Peterlee. Staffing is expected to rise to 50 as business needs increase.

The centre will concentrate on R&D work for the aerospace, industrial, automotive, machine tool and general engineering sectors.

A regular exchange of engineers is also expected between the UK and Japan.

UPI, which makes RHP brand bearings, was established in 1987 with the acquisition of the bearings division of RHP by a management group led by Mr Alan Bowkett, UPI's chief executive. The company was bought by NSK in March 1990.

# Government pay talks stall as civil servants reject pay offer

By Michael Smith and Lisa Wood

THE government yesterday joined a growing list of employers facing difficulties on pay negotiations when it made offers to more than 300,000 civil servants which unions said broke the spirit of long-term agreements.

Rejection of basic rates rises worth between 7.6 and 7.8 per cent by two civil service unions, representing clerical and administrative government staff, coincided with a threat by power worker unions to order action among their 70,000 members from April 24 if employers do not increase an 8 per cent offer.

The employers, including the newly-privatised electricity companies, refused to increase their offer in six hours of talks. However, they agreed to meet unions again on April 23.

Other employers faced with tough pay decisions include British Rail, which has seen a 6.5 per cent offer rejected by unions.

In the Civil Service pay negotiations, the NUCPS and CPSA unions are seeking arbitration. It is the first time civil service pay offers have been rejected since the government three years ago introduced long-term pay agreements which allow a form of comparability with the private sector.

The difficulties in the CPSA and NUCPS negotiations stem from a study of private-sector settlements which show that the middle 50 per cent, which constrain negotiations, fell between 8 and 10 per cent with the median at 9 per cent in the past year.

The Treasury's offer was influenced by knowledge that the deals will take effect from April 1 in a month when the inflation rate is expected to fall significantly below 7 per cent. In spite of the unions' dissatisfaction with yesterday's offer, both were playing down the possibility of industrial action, which is thought unlikely.

# Building tools go under hammer

**Andrew Taylor** on the European demand for used UK equipment

CONSTRUCTION equipment is marching off to the Continent as UK developers suffer from high interest rates and the collapse of the commercial and residential property markets.

A 150ft tower crane which six months ago stood above a London office development has been sold and packed off to France after the British contractor using it went into receivership.

Four out of eight tower cranes operated by Harry Neal, a family owned developer and contractor which has gone into receivership, have been sold to a French construction company.

It intends to lease them to other continental European contractors which are not suffering to the same extent as their British counterparts. The number of receiverships among British contractors and developers has soared as the bottom has fallen out of the UK property market.

Commercial construction, mainly private sector offices and shops, is forecast to fall by 15 per cent this year and by 25 per cent next year, according to the National Economic Development Office.

Mr Peter Bache, insolvency partner of Edward Rushton Son & Kenyon, which organised the sale of the cranes to the French, says the firm in the last six months had raised £5m from construction equipment sales. This compared with about £750,000 raised in the whole of 1989.

"About a fifth of construction equipment sold by us by tender or at auctions recently has gone to the Continent. Normally we would expect very little to go there," said Mr Bache.

The biggest buyers have been from France, Holland and Belgium. There has also been interest at sales from Spain, Portugal and Italy.

Edward Rushton is one of Britain's biggest valuers and auctioneers of industrial plant and equipment. This business has risen steeply as the number of companies going into receivership has risen. Recent clients have included the administrators of Atlantic Computers and Lowndes Queensway the furniture retailers.

According to Mr Bache: "The firm organised more than 50 auctions last year, mostly for failed companies. This was more than double the number for the previous year.

"It is very sad. I have sold everything from pheasant plucking equipment to one of Europe's biggest excavating machines."

The excavator was from Shepherd Hill, a contractor employing about 700 workers which went into administrative receivership at the end of last year.

About a third of of all company failures in 1990 were from the construction sector according to Trade Indemnity which insures industrial and commercial companies against bad debts.

According to Edward Rushton, there has been a particularly sharp rise in construction company failures since September. This trend seems likely to continue despite the recent reductions in interest rates.

In the last fortnight Edward Rushton has been appointed to carry out a valuation and sale of equipment from Tern Group, a publicly quoted developer and contractor which went into receivership last month. Other auctions from failed construction companies are still in the pipeline, says Mr Bache.

Many UK dealers have been staying out of the market fearing that prices will be driven down by an increase in distressed sales. Demand for equipment in the UK is likely to fall further as construction contracts currently underway come to an end.

Hertz Equipment Rental one of the world's largest construction equipment leasing companies recently announced it was closing its UK operations.

Mr Daniel Kaplan, the company's president, blamed the depressed economic climate in the UK construction industry for the closure.

He said the company would in future concentrate its European business in France and Spain.

Manufacturers of construction equipment have been offering UK purchasers discounts of between 20 per cent and 30 per cent on list prices according to British contractors.

"Auction prices so far have remained surprisingly firm," says Mr Bache. "Buyers other than from continental Europe have tended to be contractors from northern England where the the construction market has remained stronger than in southern England.

"A lot of companies which have gone into receivership are from London.

"The collapse of the property market, following over-building in the late 1980s has meant that they have been unable to sell buildings at prices which would cover the cost of the debt raised to finance their construction."


Peter Bache has sold a wide range of equipment to European buyers for a total of £5m in the last six months

## MANAGEMENT

Leadership is taking on a new meaning and team-work is all. **Simon Holberton** continues his series on managing for quality

# Why Amdahl does not ignore the human side

Total quality management has two prerequisites. One is to introduce a recognised system for standardising production and imparting the skills needed to monitor work processes; the other is to train management and the workforce to operate in a less hierarchical and a more co-operative environment.

Quality consultants and experts alike refer to the first as the "hard" skills and second as the "soft" skills associated with TQM.

Many companies believe that they can be "quality" manufacturers or service providers simply by getting accreditation to BS 5750 – an industrial standard developed by the British Standards Institute in the early 1980s. But this does not guarantee quality; it is quite possible to be a BS 5750 company and produce poor quality goods systematically.

Teaching skills to workers, such as statistical process control – "Pareto charts", "fishbone diagrams", "root cause analysis" and the like – is, therefore, a necessary but not sufficient condition for quality manufacture.

Although improvement can be gained by implementing only the "hard" skills associated with TQM, for superior performance – performance which only comes through a shared sense of purpose and a single-minded orientation towards the customer – companies have got to embrace the "soft" processes as well.

As Armand Fiegenbaum, who 40 years ago coined the term "total quality control", said in London recently: "Quality is a way of managing; it is not a technical activity." David Hutchins, managing director of a UK consultancy specialising in TQM which bears his name, agrees: "People often think that getting the systems and processes right is enough; they often ignore the human side."

No one could accuse Amdahl Ireland of that. The Dublin-based subsidiary of Amdahl Corporation of the US and manufacturer of high-performance mainframe computers


has directed much of its efforts to getting the "human side" of work and management right.

In so doing, Amdahl has redefined what managerial success means: promotional opportunities depend on managers' abilities at participating in cross-functional teams, not their ability to build empires within functions. Furthermore, the progress management has made in training Amdahl's workforce is such that the company has set the objective of turning the 300 or so workers engaged in manufacturing and testing its computers into "self-managing" teams. By December it hopes to have the 120 workers involved in testing Amdahl's computers operating in self-managed units.

Self-management is the antithesis of the so-called "scientific management" associated with Frederick Taylor and still so widespread in industry today. Instead of breaking down a computer into parts which are assembled serially on a production line, self-management, Amdahl-style, puts the people who work in production and test operations into teams which build large-scale assemblies. In a sense, it is an attempt to reintroduce a notion of "craftsmanship" in a late 20th century factory.

But for all that, self-management is also something of a misnomer. The men and women who manufacture, assemble and test Amdahl's computers do not decide what to build and when to build it. They do not control completely the work schedule. But there are spaces in between where they have significant control, such as in factory layout, managing their time (the factory works on a "flexitime" basis), their level of skill (they can be trained to do as many operations as they wish), together with a total responsibility for the quality (that is, perfection) of the work they do.

"We didn't set out in 1985 [when Amdahl embraced TQM] to do self-management," says Clem Smyth, director of production and test operations. "We didn't even know that it existed as a concept."

But what Smyth does know is that self-management is the logical outcome of the change that has occurred at Amdahl over the past five years. This change, which has been driven by training and team-work, has resulted in Amdahl's production and test workers moving from a position of being able to monitor their own output and correct errors to one of prevention of errors and the improvement of processes.

"As production and test people got more proficient they identified problems and solved them before a manager knew they existed," says Smyth. "They experienced a growth in autonomy – the problems they solved weren't selected or approved by management – but we had not set out to create that growth in autonomy.

"As they got into improvements and enhancements of work processes they took total responsibility for quality and for the scheduling of work. They didn't need to get approval for overtime let alone needing a supervisor to organise it. . So why do they need a supervisor around when he is often dysfunctional to the working of a group?"

The growing autonomy that production and test workers achieved has led Amdahl to reconsider the role of supervisory and middle management. The roles of these managers have changed from giving orders and inspection to guidance and enabling. It is planned that the two or so "managers" who will oversee Amdahl's test area will be there primarily to help solve conflicts between teams, if and when they arise.

"The supervisor's role has changed from being the centre of control and decision-making to being a leader, a provider of resources and a facilitator. The supervisor is becoming part-manager; it is hard here to find a plant supervisor who doesn't have a company-wide perspective. Supervisors are spending 50 per cent of their time in cross-functional teams on issues that don't relate to their area. With this knowledge it makes them more promotable."

Team-work pervades Amdahl. Managers spend up to 60 per cent of their time in cross-functional teams, and in some cases much more. Smyth claims that "any change that is being seen through is done in team-work, not through the functional structure." This, in turn, has had an effect on the way Amdahl defines managerial success.

"The more thoughtful managers learn that the way to get on is to be on a well-functioning team than through empire building," says Smyth. "The criteria for moving up is different. Where individual stardom is rewarded it leads to people not sharing information. Team-work makes that sort of behaviour redundant. If they are rewarded on the basis of motivating and leading teams then that's what they engage in. Departmentalism and territorialism are seen as dysfunctional. . . delinquent. Achievement through collaboration is what's rewarded here."

So how successful has this all been? By 1987, the goal of "zero" defects was close to being achieved. In that year, Amdahl's workers achieved 0.05 defects per assembly (that is, one defect in every 20 assemblies). Since then, such measurements have moved on to the parts per 1,000 and parts per million as corrective action techniques were replaced with prevention techniques.

The introduction of team-work and "just in time" inventory control has had equally startling results. In 1985 it took Amdahl 135 days to build a mainframe computer; in 1990 it took 59 days. In 1985 the weekly volume of work orders – internal invoices for parts or assemblies – averaged 800; last year it averaged 14.

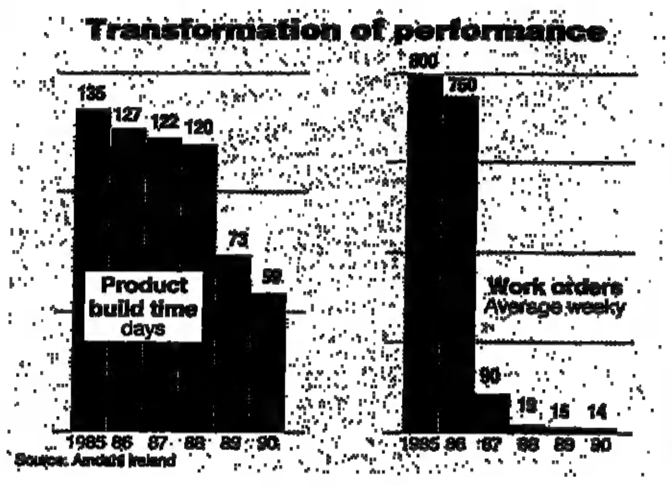
Before the inception of TQM, Amdahl management used to budget for overtime equal to 6-7 per cent of work time. Now overtime is 0.4 per cent of time worked, and this at the same time as output has risen.

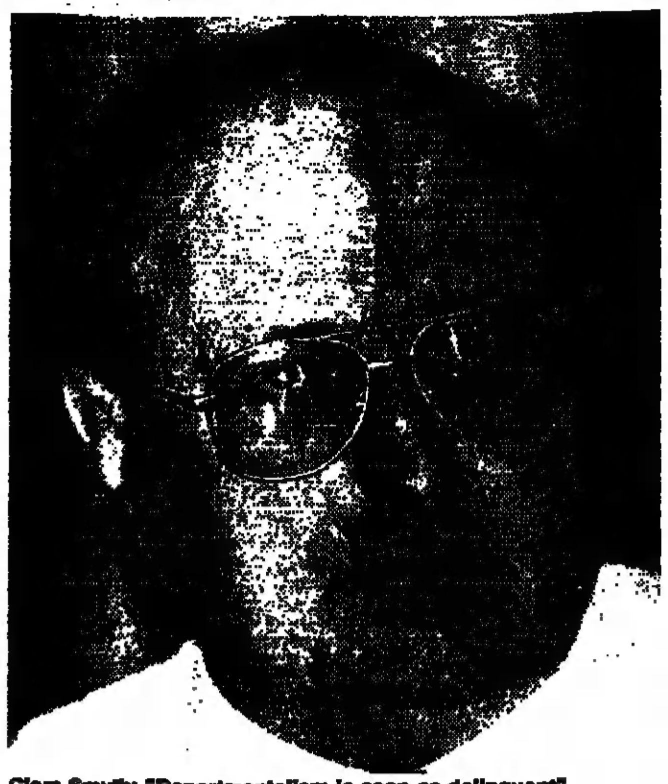
"People here take responsibility. To be behind schedule is not something they are proud of. It is an embarrassment not to function properly and it is not seen as an opportunity to earn more by doing overtime."

But Smyth is emphatic that TQM it is not about making gains in productivity. For him it is about global competition and effectiveness, where effectiveness is defined as customer satisfaction.

"The definition of quality is when your market share increases, when people come back to you and recommend your products to others. It's a wrong mind-set to say you will introduce TQM to get schedule adherence, or cut out middle management or make cost savings. And, you don't *get* people to do things; you create an environment where they enjoy what they are doing."

*Previous articles in this series were published on March 20 and April 3.*



Clem Smyth: "Departmentalism is seen as delinquent"

# Using intellect within guidelines

If you thought leadership was all about the ideas and attitudes that spring from the mind of the chief executive, forget it.

Leadership is a quality that many companies are now trying to develop throughout their organisation. "Empowerment", "team leaders", "teamworking" are some of the labels and concepts associated with this growing trend which, for some companies, is going as far down the line as is possible: to the shop floor.

As a recent report* by Mark Richardson notes, these developments are becoming particularly important, although not exclusively so, where TQM has been introduced – "with its stress on operator responsibility for quality and on right-first-time principles."

Under pressures of technological change and a more "enlightened" approach to the shop floor (involving consultation, questioning and feedback), the traditional foreman has had to change. His title is disappearing; those whom he used to supervise are now freer to use, as one of Richardson's informants told him, "their intellect within guidelines".

Richardson notes that a catalyst responsible for changing the role of the supervisor has been the introduction of team working. Some traditional supervisory responsibilities are being devolved to operators and, as a result, more emphasis is now being placed on leadership.

This change, however, is part of a longer-term evolutionary process occurring in companies. But "the introduction of new job titles does not in itself clear away past practices or ingrained habits, particularly as many of the posts in the new structure will be filled by existing foremen or other supervisors. . Even though most companies provide training in the new supervisory functions, it can take time to change attitudes."

Richardson's research has thrown up a number of broad themes surrounding the changing role of supervisors. They are:

- Changing responsibilities. Budgets and costs are becoming part of the supervisors' new managerial domain. Leadership of cross-functional teams of workers is also being required; the skill of the manager is to know the individual capabilities of team members and allocate tasks accordingly.

Supervisors are becoming involved in co-ordination between and across other shifts and work groups. Team briefings are featuring as a core responsibility; they afford the opportunity to outline management's plans for the company as well as to receive feedback from the shop floor.

- Recruitment and selection. The higher status now given to the first line manager is attracting a more qualified person. More rigorous selection procedures have been introduced. Some companies are using the first line manager job as a point of entry into the company for graduate recruits.

For graduates it is the first rung on the managerial ladder, but for someone who has been promoted to the job it may well represent the pinnacle of their careers. Richardson warns: "The creation of a predominantly graduate post may cause problems for the shop floor, which may see promotion opportunities greatly diminished."

- Training. Richardson says that one of the main elements in the successful transition from supervisor to first line manager is training for the role, such as courses on leadership and teamwork, planning and organisation, interviewing and communication skills.

He also notes that after training, the supervisors themselves are turning into trainers of their own team.

**Supervisors, IDS Study No 479, April 1991, Incomes Data Services, 193 St John Street, London EC1V 4LS. By subscription.*

## THE PROPERTY MARKET

# Entrepreneurial spirit spreads to pubs

By Vanessa Houlder

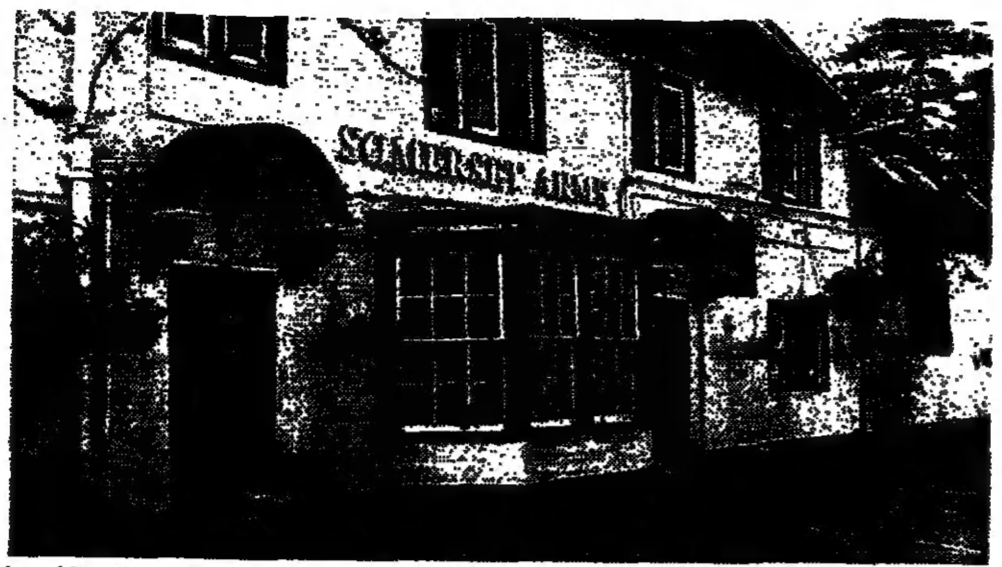
At 8.59 and 30 seconds on Maundy Thursday morning, Grand Metropolitan set the seal on its £2.4bn pubs-for-breweries deal with Foster's Brewing Group with half a minute to spare. Any later and the complexity of moving billions around the banking system would have meant postponing the deal.

This drama capped a transaction that took four-and-a-half years to come to fruition and which, more than any other, is turning the brewing industry – and the role of property in the industry – upside down.

GrandMet is selling its UK brewing operations to Courage and injecting most of it's own and Courage's pubs into a new jointly-owned company, called Inntrepreneur Estates.

The deal creates a £2.4bn licensed property company, comprising 8,450 pubs, although more than 1,100 will be sold over the next two years to comply with the demands of the Monopolies and Mergers Commission. The agreement promises a radical overhaul of the way in which pubs are treated as property assets. As a result, they may be brought into the mainstream of the commercial property industry as attractive investment vehicles for institutions.

If GrandMet has its way, tenants' rents will no longer be measured by yardsticks such as the number of barrels of beer they sell. Similarly "tied" pub tenants should no longer be subsidised by the brewers in return for providing a guaranteed outlet for the beer. Instead, pubs will have conventional 20-year leases and unsubsidised rents.



Inn of happiness: the Somerset Arms at Melksham, Wilts, offered customers a 90-seat restaurant and bedroom accommodation within two years of signing a 20-year Inntrepreneur lease.

The idea, first implemented by GrandMet in March 1988, was born a few years earlier when the group began to analyse the returns from its various businesses more closely. When it examined its brewing and public houses arm dispassionately, it found a retail business mixed with a distribution business, mixed with a brewing business, mixed up with a property business. "It was massively under-managed," says Mr Bob Williams, chairman of Grand Metropolitan Estates.

Once the income streams for the various businesses had been split, the company was unwilling to continue to allow the brewing to subsidise the pubs. Instead, it wanted to maximise its property returns.

At the same time as increasing the rents and introducing a conventional lease structure, GrandMet wished to inject some more entrepreneurial spirit into the way its pubs were run. "There had been this paternalism built up over centuries to tenants," says Mr Williams. "Most of the tenants were not businessmen, they were failed professional footballers or retired coppers. The brewers wanted people who would do as the brewers asked," he says.

Nonetheless, a high proportion of GrandMet's tenants have stayed with it after the imposition of the new leases. Over the past three years, GrandMet has agreed terms on almost 2,700 leases, or 80 per cent of its estate, of which just over 60 per cent were existing tenants.

Under the new system, GrandMet stresses the operational independence that would be gained by the tenants who will now be allowed to make their own improvements, which will not be included in the next rent review. They also emphasise that the 20-year lease term allows tenants to take a long-term view of their businesses and plan. Unlike other pub agreements, this allows tenants to keep all their gaming machine income.

The relationship between landlord and tenant is not totally independent, however. Lessees are obliged to buy a certain amount of beer from the brewer, although under the GrandMet/Fosters deal, the tie will last for a maximum of seven years.

The scheme has provoked a mixed response from tenants. For some, it has provided an opportunity to branch out and invest in restaurants and accommodation. But it has not been universally acclaimed. The removal of the subsidy, plus the rent rises of the past three years, has meant a 50 per cent increase in the average rent.

The failure rate of tenants is running at about 5 per cent. Mr Williams says that this is a normal rate and he denies that the steep rent rises at a time of recession are causing unusual problems for tenants. "It is definitely the case that our performance is significantly better than the old system in terms of businesses that have failed," he says.

Nonetheless, he makes no attempt to the upheavals and redundancies that have resulted in the pub division as a whole because of the new lease structure. The role of the area manager, for instance, has disappeared. "We have dramatically rationalised by cutting out a layer of management," he says.

The past couple of weeks have been tough for the managers of the Courage estate. "I am a believer in only going through the pain barrier once," says Mr Williams.

However committed to its new system, GrandMet admits that it will not work for every pub. "Twenty year leases are only relevant to successful pubs," says Mr Williams. Some Courage pubs did not make the grade and are being sold rather than injected into Inntrepreneur Estates. In Mr William's view, the traditional link between the volume of beer sales and the size of a brewers' pub estate has resulted in substantial numbers of unviable pubs. "There are 15,000 to 20,000 pubs too many in the UK," he says.

GrandMet must hope that it has picked out those with the potential for success. After a couple of years of no rental growth it predicts that rents will grow by 2 per cent after inflation. With the benefit of the rent reviews it reckons it should start coming into profit in year three, which will allow it to start paying off its debts.

Its bank debt, which was arranged by Barclays, Citicorp, NatWest and Warburgs, amounts to £1.325m, plus an extra £160m that will be paid off after two years from the sale of some former Courage pubs. The loans are based on a 60 per cent loan to value ratio, assuming the value of the portfolio is £2.4bn.

The estate's value has already dropped from £2.8bn last March, thanks to the decline in property values. GrandMet hopes the worst is over. "I believe we have seen the worst of the downturn," says Mr Williams.

The investment performance of the pubs is important not just for GrandMet's own finances but also for the prospects of pubs as investments.

With the new lease structures, there seems to be no obvious reason why pubs should not take their place with retail, office and industrial properties in institutional portfolios. However, gaining acceptance may be a long haul as institutions rarely own pubs except where, for instance, they form a part of a larger development.

It is not that they have performed badly in the past. Indeed, according to Mr Rupert Nabarro of IPD, a research group, they were probably the best performing property assets in the 1980s. However institutions are likely to be nervous of getting involved until there is a satisfactory flow of information on matters such as rent reviews. To get the ball rolling, GrandMet has commissioned IPD to carry out a study of the market.

Looking to the future, GrandMet probably has an interest in establishing a healthy investment market for pubs. As a company interested in international brands in food, drink and retailing, it is hard to see why it should have a long-term commitment to a property company.

**TOTAL RETURNS (%)**

| | Retail | Office | Industrial | All Properties |
|---|---|---|---|---|
| Year to Feb 91 | -6.2 | -10.5 | -4.0 | -7.6 |
| Quarter to Feb 91 | -1.0 | -3.4 | -0.8 | -2.0 |
| Month of Feb 91 | -0.2 | -0.8 | -0.2 | -0.5 |

Source: Investment Property Databank



## INTERNATIONAL PROPERTY

## BUSINESS LAW

# Fraud issue to be tried in bank case

OWENS BANK LTD v BRACCO AND ANOTHER
Court of Appeal (Lord Justice Parker, Lord Justice Balcombe and Lord Justice Ralph Gibson): March 27 1991

**ENFORCEMENT OF a foreign judgment given in a country which is not party to the 1968 Jurisdiction and Judgments Convention, is not subject to convention provisions, and the English court is therefore not obliged to decline jurisdiction in enforcement proceedings on the grounds that proceedings raising the same issues have been started in another contracting state. And defence allegations that the judgment was obtained by fraud can be tried in the English enforcement proceedings if a *prima facie* case of fraud is shown by the defendants, irrespective of whether it will be necessary to reinvestigate facts which were in issue before the foreign court.**

The Court of Appeal so held when dismissing an appeal by the defendants, Mr Fulvio Bracco and Bracco Industria Chimica spa, from a decision of Sir Peter Pain sitting as a High Court judge, refusing to decline jurisdiction on an application by the plaintiff, Owens Bank Ltd, to register a foreign judgment against the defendants; and dismissing an appeal by the bank from the judge's decision ordering trial of an issue of fraud raised in defence to the application.

LORD JUSTICE PARKER giving the judgment of the court, said that in an action in the Supreme Court of St Vincent the bank claimed it had lent Bracco 9m Swiss francs.

The bank said the loan was acknowledged on documents which were signed by Bracco, and which gave the St Vincent court jurisdiction in the event of dispute.

After the bank's case was closed in the St Vincent court the defendants sought to set up a new defence that the signatures on the loan documents were genuine but had originally appeared in the wide margins of a different contract; that the margins had been cut off; and that the the bank had then typed in the rest of the document.

The court did not permit the defendants to set up the defence at such a late stage, and gave judgment for the bank for SFr10,543 together with interest on the principal sum of SFr9m. An appeal was dismissed by the St Vincent Court of Appeal.

The bank applied under section 9 of the Administration of Justice Act 1920 to register the St Vincent judgment in the UK. The defendants sought to resist the application on the ground *inter alia* of fraud.

Before, during and after the St Vincent proceedings, criminal and civil proceedings had been commenced in Italy by the bank and by the defendants, in which the issue of fraud was squarely raised.

The defendants sought orders to set aside the English proceedings on the ground *inter alia* that under article 21 of the 1968 Civil Jurisdiction and Judgments Convention, the court must decline jurisdiction in favour of Italian courts; or, under article 22 of the convention, the court could and should stay the English proceedings. Alternatively, the defendants contended that the court should order issues to be tried as to whether registration was prohibited by section 9(2)(d) and (f) of the 1920 act.

By section 9(2)(d) and (f) registration of a judgment obtained in a British dominion or territory was prohibited if obtained by fraud, or if the cause of action, by reason of public policy, would not have been entertained in the UK.

The preamble to the 1968 convention indicated that it was concerned with the jurisdiction and with the reciprocal recognition and enforcement of judgments of the courts of contracting states *inter se*. Nothing in the convention suggested any wider interpretation than was indicated by the preamble.

The convention therefore had no application to proceedings for the recognition and enforcement of judgments of non-contracting states, and in particular to proceedings under the 1920 act.

Even if that conclusion were wrong, article 21 of the convention, which provided that the court should decline jurisdiction where proceedings had already been commenced in another contracting state, could not avail the defendants. By article 16(5) the English courts would have exclusive jurisdiction under the 1920 act.

Nor did the court have power to stay proceedings or decline jurisdiction under article 22, which provided for stay or decline of jurisdiction where related actions were brought in different contracting states. Article 22 was concerned with original proceedings or actions, not with proceedings for enforcement of judgments obtained in original proceedings. Unless an issue arose in the bank's application for registration, no question of staying the proceedings could arise.

Under the rules of evidence applicable to enforcement of English judgments there would be no issue. Mr Mann for the bank contended that those rules applied. Miss Dohmann for the defendants contended that the more liberal rules applicable to foreign judgments applied.

In *Bank of Australasia v Nias (1851) 16 QBD 717* it was held that a foreign or colonial judgment was not examinable on the merits for the purpose of showing the contract sued on was not made, or was procured by fraud, or that the judgment was erroneous.

In *Abouloff v Oppenheimer (1882) 10 QBD 259*, on a claim on a Russian judgment allegedly obtained by fraud, the plaintiff argued that the question as to the alleged fraud was investigated in the Russian courts and decided against the defendant, and that on the authority of *Nias*, the English court could not enquire into the merits of the case.

Lord Coleridge CJ rejected any contention that the rules applicable to the raising of fraud as a defence to an action on a foreign judgment were the same as those applicable to an English judgment.

He held that the question was "whether . . . the foreign court has been misled intentionally by the fraud or the person seeking to enforce it, whether a fraud has been committed on the foreign court with the intention to procure its judgment".

In *Vadala v Lawes (1890) 25 QBD 310* an attempt to persuade the Court of Appeal to modify or depart from the decision in *Abouloff* did not succeed.

Lord Justice Lindley said "if the fraud on the foreign court consists in the fact that the plaintiff has induced that court by fraud to come to a wrong conclusion, you can re-open the whole case even though you will have to go into the very facts which were investigated and which were in issue in the foreign court".

The decisions in *Abouloff* and *Vadala* were binding.

In particular it was clear that the rules for setting aside an English judgment on the ground that it was obtained by fraud were not the same as those applicable to a foreign judgment.

The *Abouloff* and *Vadala* decisions had been consistently treated by the Court of Appeal as binding authorities (see *Syal [1949] 2 KB 443*; *Jet Holdings [1990] 1 QB 335*; *House of Spring Gardens [1990] 2 All ER 990*). It was therefore clear that in the bank's proceedings under the 1920 act the rule in *Abouloff* was to be applied.

On the evidence there was a *prima facie* case that the St Vincent judgment was obtained by fraud. Accordingly, there was an issue to be tried.

The court had power to grant a stay of the English enforcement proceedings pending resolution in Italy of the same issue. Sir Peter Pain declined to exercise that discretion.

There were, as the judge recognised, two main objections to grant of a stay.

First, it was by no means clear that the Italian proceedings would inevitably lead to a decision whether the St Vincent judgment was obtained by fraud; second, the judge said the evidence showed a decision on the issue in Italy was not imminent, "rather the reverse". There was nothing wrong in that as a ground for refusing a stay.

That was not to say there might not come a time when the defendants would be able to satisfy the English court that the issue whether the St Vincent judgment was obtained by fraud would necessarily arise in Italian enforcement proceedings in a form that could create an issue estoppel.

The bank's appeal and the defendants' appeal were dismissed. The issue of fraud directed by Sir Peter Pain to be tried would proceed.

The court declined to refer questions as to the interpretation of the convention to the European Court of Justice.

*For the bank: Martin Mann QC and Michael Gadd (Charles Russell)*

*For the defendants: Barbara Dohmann QC and Tom Beazley (Clifford Chance)*

**Rachel Davies**
*Barrister*

ARTS

# Crafts go contemporary

All great art demands a combination of invention and execution. [redacted] the decorative or applied arts, one man, woman or group were rarely responsible for both until the evolution of the arts and crafts ethic [redacted] this [redacted]. Today's craftsmen who [redacted] to make what they design have [redacted] Olympian heights, [redacted] be both artist and craftsman, creative thinker and consummate technician.

Difficulties [redacted] when either "art" [redacted] "craft" [redacted] allowed to dominate. There are few things [redacted] depressing [redacted] art that is exquisitely crafted but fundamentally hid[redacted] or more maddening than shoddy workmanship or [redacted] considered [redacted] – a wobbly table or a chair that [redacted] uncomfortable [redacted] on.

Fine art rather than craft [redacted] the prescribed base [redacted] the Dec[redacted] Diploma Course [redacted] The [redacted] of London [redacted] School, which [redacted] its [redacted] month with a show at Smith's Galleries (25 Neal Street, WC2, until April 20), sponsored by TSB Group plc. Roger [redacted] Grey, Principal [redacted] school, [redacted] in [redacted] the use [redacted] traditional [redacted] techniques [redacted] 20th century idiom, drawing on [redacted] major [redacted] temporary art.

[redacted] *Art* presents the work of 33 [redacted] of the course, and five currently in their third year. Most is for sale or available on commission. The exhibits bear witness to the origins of the course in treating the decoration of flat surfaces rather than the construction of [redacted] objects, and evidence abounds of the students' solid grounding in sound commercial decorative skills such as trompe l'oeil painting, stencilling, screen printing, papier-maché, gilding and every conceivable means of tarnishing and distressing metal.

Something of house specialities are mirrors in gilded or [redacted] frames or bordered with verre eglomisé (gilding on [redacted] using [redacted] metals). The [redacted] surfaces [redacted] especially beautiful. They are as effective when [redacted] with pleasing restraint, as in Anna Trollope's distressed silver-framed mirror, or in more complex schemes such as Camilla Meddings's large screen decorated with subtlely reflective tarnished silver leaf and Elizabethan portraits.

In sharp contrast to the obviously commercial pieces [redacted] the technically or formally more experimental work. The vast screen by Camilla Meddings, for example, is less a functional object than a brutalist sculpture. Conceived [redacted] trap and [redacted] light, [redacted] imaginative manufacture [redacted] in Victorian decoupage and stained glass. Leopold Huntingdon-Whiteley exploits the reflections of marks made on glass, whether acid-etched, inked or sand-blasted.

The importance placed on draughtsmanship and drawing from life is apparent throughout. Particularly impressive is Katrina [redacted] Paul's Screen, which freely adapts [redacted] quick Biro studies made [redacted] dral on site hanging alongside.

[redacted] painterly [redacted] glori[redacted] oil [redacted] floor cloths by [redacted] Shand, their fluidity [redacted] melodic colour [redacted] particularly welcome [redacted] to [redacted] predominantly angular and monochrome [redacted]. Carey Mortimer's [redacted] into medieval buon fresco has its visual roots based firmly in 20th century abstraction.

Jane Fox's chain-mail screen

The forms as well [redacted] the techniques of the Middle Ages [redacted] up again and [redacted] – in Gothic arched apertures, tabernacle frames and triptychs. The [redacted], apparently, is the Royal Academy's inspirational Gothic Art show of 1987/88, a fact which no doubt delights Roger de Grey, President of the RA. [redacted] Cox [redacted] become a particularly enthusiastic Goth, producing monumental and ornate metalwork trunks that recall reliquary caskets, and a surprisingly delicate medievalising metal screen. Her precisely wrought chain-mail screen [redacted] suspended silvered glass squares and circles could be seen as a transitional piece in terms of the course's evolution. It exhibits a delight in surface decoration while at the same time looking to new materials and to a new monumentality in three dimensions.

Kathy Bevan is another no longer content to decorate the surface of a piece of furniture without any input in realising its form. Here are her austere, freshly coloured chairs with their high, glass backs; and one, upstairs, which doubles up as a table, a useful update of 19th century metamorphic furniture. Both pieces, however, seem to show more respect for the eye and intellect of the [redacted] than for creature comforts.

One of the most remarkable – and revealing – features of the last decade is that increas[redacted] numbers [redacted] been supported, however precariously, by [redacted] market. Living with works of art has possibly never been more highly valued than in the post-industrial age. In so many productions of contemporary artist-craftsmen it is not so much that the pot is wobbly, so to speak, than the design aesthetic. Invention, [redacted] execution, [redacted] taught. [redacted] the maker, however, can [redacted] honed, [redacted] and educated, [redacted] it [redacted] in all our interests [redacted] they should be.

**Susan Moore**

Darcey Bussell and Christopher Saunders

Alastair Muir

# A Month in the Country

**COVENT GARDEN**

The Royal Ballet has returned [redacted] the Opera House, [redacted] its Washington [redacted], with [redacted] triple bill of major works by major choreographers. *Agon*, [redacted] *in the Country*, *Requiem*, all identify their creators very aptly, through Balanchine's concern with a classic language; Ashton's feeling for romantic love; MacMillan's quest for imagery that fixes matters of the profoundest human [redacted]. And because [redacted] piece boasts a score of importance, it [redacted] vital that orchestral performance sustain the dance text. On Wednesday night, with the Covent Garden orchestra under Isaiah Jackson, musical blandness reigned.

If *Agon* is not electric with vitality,the dance as sharp in its dynamic contrasts as the score is in its accents and sonorities, it is nothing. With Darcey Bussell in the pas de deux, Balanchine is honoured, for Miss Bussell's physical drive, the incisive flash of her limbs and the marvellous concentration of her presence, are exactly what the duet needs. I admired also the second trio of Deborah Bull, Adam Cooper, Michael Nunn – this young Royal generation is commendably brave in technique – but the generality of the performance looked and sounded relaxed instead of competitive, as if a place rather than a win was the point of the race.

*A Month in the Country* needs quite as much momentum as *Agon*, if sentimentality is not to obscure the true sentiment of its theme. And anaemic Chopin – the music dying on its feet as the sheer beauty of it all erodes every dynamic – is equally an enemy of credible performance. On this occasion the score had such trancelike moments that the emotional impetus of the characters – which lie very acutely within the music – was [redacted]tations seemed in [redacted] evaporating. This is a pity since Genesia Rosato has the measure of Natalya's emotions, the last moments of resignation piercingly done, [redacted] Bruce Sansom gives Belyayev a clear-cut, innocent identity.

MacMillan's imagery in *Requiem* is strong enough to transcend even the polite [redacted] of Fauré's vocal writing offered by the London [redacted], but a central contrast in the work was endangered. The dance's anguished moments, the no less anguished plea of the text for deliverance from the lion's mouth and utter darkness, must seem sharply one in performance. When the music is made ingratiating – as it was here – then the ballet suffers, and *Requiem* is too noble a work to be thus diminished. The company performance was, nonetheless, welcome in its seriousness, and Darcey Bussell, yet again, went to the heart of her role, the dance illuminated by her presence.

**Clement Crisp**

# Much Ado About Nothing

**BARBICAN THEATRE**

The Royal Shakespeare Company continues its reconquest of the Barbican [redacted] a masterly performance of *Much Ado About* [redacted]. From the moment [redacted] Susan Fleetwood's Beatrice speaks her early line about Benedick – "How many hath he killed and eaten in these wars?" – with such delicious, teasing sexiness, we know that this is a winner.

In fact, we should have known even earlier. It is the wonderful Barbican stage, properly [redacted] that helps. This time [redacted] colours are mainly blue and green. Some of the devices are similar to those in *Love's Labour's Lost* which led [redacted] RSC's triumphant return [redacted] London [redacted] weeks ago. The stage [redacted] lined with huge [redacted] with a touch of topiary thrown in. There [redacted] room [redacted] hide and [redacted] to [redacted] seen. Bill [redacted] every part of it and employs music and [redacted] lighting [redacted] the full.

It [redacted] still [redacted] and Benedick's play. How could it [redacted] be? But the real achievement of the production is that it [redacted] something of every part, [redacted] line and every change [redacted] mood.

Beatrice and Benedick are [redacted] apart not only by their wit and mutual attraction, but by their height. There [redacted] no better example of that than [redacted] they are on stage and hardly speaking. They are in the background when Claudio denounces Hero [redacted] the wedding [redacted], but they are there as silent, superior figures being brought together by the [redacted]ent tragedy. The delivery of Beatrice's request to kill Clau[redacted] electric.

[redacted] Roger Allam's Bene[redacted] his moments [redacted] comedy, and they [redacted] spell-binding. [redacted] the [redacted] he plays the audience when he [redacted] alone on [redacted] talking about Beatrice. The transformation from cigar-smoking cynic to [redacted] prepared [redacted] kill for [redacted] love is remarkable. [redacted]lutely [redacted] the pair [redacted] them return [redacted] their jesting ways [redacted] end, making [redacted] symmetry.

There are other delights along the [redacted]. At first John McAndrew's Claudio seems too slight and [redacted] small, then we [redacted] that [redacted] is a device to allow him [redacted] in stature when he thinks he has been wronged.

Even the more melodramatic parts of *Much Ado* come out as drama in this production, as McAndrew [redacted] in the aborted wedding scene. Alec Linstead makes [redacted] friar who comes to the rescue [redacted] part worth playing.

The [redacted] part which comes into its own [redacted] John [redacted] Don Pedro. He has an unforget[redacted] voice and sense of timing. (He ought to marry Margaret in [redacted] end.) Then there is Dogberry, played with amiable pomposity by George Raistrick. And a lot more besides: [redacted] evening [redacted] an unmitigated pleasure.

**Malcolm Rutherford**

# Rick's Bar, Casablanca

**WHITEHALL THEATRE**

*Casablanca*, [redacted] movie, has [redacted] niche in the cinema pantheon [redacted] was bound [redacted] be only [redacted] matter of time before someone [redacted] digging for feet of clay. And here they are, in the play by Murray Burnett and Joan Allson from which the film was so hurriedly [redacted]. It [redacted] so entirely and immediately over[redacted] it has never [redacted] stage, [redacted] chief achievement [redacted] its authors being their [redacted] grapple [redacted] bottom of [redacted].

[redacted] does, if nothing else, provide [redacted]nating insight into the alchemy [redacted] history-book Holly[redacted] was no fool when [redacted] down the part of Rick [redacted] the dismissal, "Too coarse". Denuded [redacted] the [redacted] magic, Rick [redacted] maudlin no-hoper [redacted] wit or the [redacted] either [redacted] support his position as king-pin of Morocco's murky cafe society or to make him into a [redacted]ter [redacted] of [redacted] moral and political reawakening [redacted] the characterisation.

Denied Ingrid Bergman's charisma, Lois seems obviously transparent. That, of all the gin [redacted], she should walk into Rick's seems not so [redacted] a stroke of fate as of plotting necessity. At [redacted] point [redacted] one [redacted] spine-tingling [redacted] stopping, [redacted] as [redacted] Sam [redacted] with [redacted] moody [redacted] of *[redacted] Time Goes By*.

[redacted] Grantham makes a coolly handsome Rick, but he remains firmly in Bogart's shadow: [redacted] facial impassiveness, same intonation but none [redacted] the rough [redacted] and [redacted] of the shading that the movie close-up [redacted] offer. [redacted] brandy [redacted] he empties are full of prop-maker's [redacted].

Likewise, Shelley Thompson [redacted] and chilly. Are [redacted] really expected [redacted] glacial blonde [redacted] so desperately torn between passion and principle – [redacted] former [redacted] in Rick and the latter in [redacted] freedom-fighter husband rather effectively played by Richard Durden as cadaverous [redacted] to the walking dead? Should we shiver or titter when she pulls [redacted] dainty pistol [redacted] the [redacted] her cocktail bag?

Both [redacted] director [redacted] Gilmore's apparent [redacted] – or instructions – [redacted] recreate the film on [redacted], when [redacted] way [redacted] make something of it would be [redacted] re-imagine it entirely. Saul Radomsky's [redacted] bar room set, [redacted] suggestion [redacted] the minarets rising above it, [redacted] eye-catching but flattening, and [redacted] prosaic lighting [redacted] unkind [redacted] the groups of barflies sitting around chatting in phony [redacted].

[redacted] television tradition of Occupation burlesque has made it difficult to take seriously the sight of German officers marching around with [redacted] on their arms, giving [redacted] than [redacted] touch [redacted] Edward [redacted] lascivious French prefect, while the climactic confrontation between the German militia [redacted] French patriots, each singing their anthems, lacks [redacted] sense [redacted] danger.

And yet, for aficionados, [redacted] ghost [redacted] those sentimental feelings hovers [redacted] as familiar as any in [redacted] history, and in the blissful melancholy [redacted] Georges' piano-playing. [redacted] can see why the producers took it [redacted], even if it merely serves as [redacted] that a [redacted].

**Claire Armitstead**

# Beethoven's 'Egmont'

**QUEEN ELIZABETH HALL**

Wednesday's good deed by the Orchestra of [redacted] Age [redacted] Enlightenment was to give a complete account of the incidental [redacted] that [redacted] composed for [redacted] great [redacted] *Egmont*. The musical items were [redacted] by a narrative, spoken here by [redacted] actor Anthony Calf; this [redacted] sary expedient, since most of the pieces require some form of verbal springboard, and it was neatly achieved. All the same [redacted] ungratefully insist [redacted] the effect [redacted] slight letdown: ideally [redacted] (even in translation) [redacted] "explain" [redacted] balance [redacted] inspirations.

The music [redacted] from 1809-10 – the period [redacted] unsuccessful try-outs of Beethoven's only [redacted] and befo[redacted] that finally [redacted] *Fidelio* as we know it. It [redacted] so charged with dramatic fire as almost to amount to a mini-music-drama on its own: intense economy of detail, passionate strokes of colour (which show the fruitful influence of Cherubini), and rhythmic buoyancy are its peculiar properties. To hear the *Egmont* Overture and and later its apotheosis in the closing "Freedom Symphony" is to be allowed an extraordinary insight into Beethoven's theatre of the mind; regret, indeed, for the *Egmont* opera that he never wrote must be tempered by the excitement these pieces are capable arousing.

Under Ivan Fischer they did so here. The dry thwack of "period" timps, the salty-sweet timbres of horns and bassoons, and the lean vitality of the string-playing (with first and second violins correctly seated opposite each other) were not the only virtues of a performance full [redacted] theatrical [redacted]ter; there [redacted] also Nancy Argenta's excellently fresh and spontaneous singing [redacted] Klärchen's [redacted].

It [redacted] pity [redacted] strong sources [redacted] Beethovenian energy [redacted] in this part of [redacted] were not [redacted] be found [redacted] violin [redacted] on. Monica Huggett's solo playing was expert, and correctly (for a "period" performance) scaled [redacted] intimacy [redacted] communication [redacted] bravura; but [redacted] little [redacted] in [redacted] rhythms, [redacted] little woodwind [redacted] in the [redacted] balance, and [redacted] many opportunities for [redacted] lingering [redacted] mooning. In [redacted] delicate, well-turned way [redacted] was all a touch arty.

**Max Loppert**

# Francesca da Rimini

**TEATRO REGIO, TURIN**

The successor of Verdi, Giulio's son Tito – much to Puccini's annoyance – supported Riccardo Zandonai (1883-1944) to lead the next generation of Italian opera com[redacted] did not quite work: Puccini represented the end [redacted] a line. Zan[redacted] never caught on abroad, and even in Italy his work virtually disa[redacted]d after his death. But at least one of his dozen or so operas, *Francesca da Rimini*, has managed to maintain a precarious place in the Italian repertory. This season it is Turin's turn; next year the same staging – with a different cast – will move to Bologna.

In its heyday, in the years between the World Wars, *Francesca* (first given in Turin in 1914) was usually produced to satisfy the demands of a singing-actress diva: it was a vehicle for Iva Pacetti, Maria Caniglia, Gilda Dalla Rizza, and – more recently – Magda Olivero. Though much of Zandonai's music is delicately-hued, finely scored, D'Annunzio's play demands a commanding, larger-than-life protrayal on the part of the prima donna. Elena Mauti Nunziata is a gifted, attractive singer; but she is not an old-fashioned prima donna. Still, in her own, untraditionally restrained way, she was an effective Francesca, particularly moving in [redacted] scenes with [redacted] ladies and, in [redacted] final act, the little duet with Biancofiore [redacted] sung by Bernadette Lucarini).

Though Paolo shares the opera's title, it is really a secondary role. The hero is pretty much of a stick – D'Annunzio wrote the 1902 play for Duse, after all; her leading man was forgettable. At the Regio, Nicola Martinucci generally did what was asked of him, though he was more rigid than romantic and, in moments of passion, tended to lapse into a plangent croon.

For the villain Gianciotto, D'Annunzio wrote some grand, wicked lines, and Zandonai set them [redacted] blustery, emphatic [redacted]. The [redacted] Tom Fox squeezed every drop [redacted] drama out [redacted] the part and won the [redacted] applause. Judging by this performance, one would not call him a specially musical singer, but – assisted by his tall, menacing physical presence – he added a vitality to the opera, which can easily lapse at times into the picturesque.

In designing the sets and costumes, Pasquale Grossi was clearly (and rightly) thinking more of D'Annunzio than of the Middle Ages. Dark, damasked panels moved to confine or expand the playing areas. Stained glass Gothic windows, [redacted] torches, pewter goblets and clanking [redacted] all contributed [redacted] the oppressive, claustrophobic ambiance, suggesting the actual [redacted] of Gradara, where the real-life story is [redacted] to have [redacted]. Grossi's costumes were [redacted] and cogently con[redacted].

Alberto Fassini produced; after his cluttered, insensitive *Ballo in maschera* at the Met earlier this year, this staging [redacted] satisfyingly straightforward. [redacted] did not [redacted] grim [redacted] (the [redacted] head slammed [redacted] on the dining table): but he handled the movements [redacted] the principals intelligently.

Like many other Italian [redacted] houses, [redacted] Regio has gone through some hard [redacted] recently, [redacted] the current season is apparently running smoothly, and this satisfying [redacted] an improved, more [redacted] situation. [redacted] chorus and, even more, [redacted] orchestra now need [redacted]. Yuri Ahronovitch conducted with a genuine sty[redacted] and with the enthusiasm that composers like Zandonai, good and yet [redacted] absolutely first-rank, demand and [redacted]. But [redacted] sound [redacted] the [redacted] and depth.

**William Weaver**

*INTERNATIONAL*

# ARTS PREVIEW

& EXHIBITIONS

**The Russian Spring [redacted] at London's South Bank [redacted] momentum over the coming week, with performances [redacted] music [redacted] contemporary Soviet composers. On Monday, Yuri Bashmet brings [redacted] to the [redacted] Elizabeth Hall for a programme including Schnittke's Monologue for viola and strings and [redacted] first British performance of Lobanov's Viola [redacted] Wednesday, the London Sinfonietta conducted [redacted] Rozhdestvensky plays Boris Tishchenko's Third Symphony, Elena Firsova's Chamber Concerto No 4 and the world premiere [redacted] Jacob's Ladder by Dmitri Smirnov. And this Sunday, the soprano Margaret Field joins the Chameleon ensemble in the Purcell Room for a programme which includes songs by Alexander Mossolov.**

**[redacted] Spring continues till the end of the month, with Edward Downes conducting Prokofiev symphonies and concertos on April 20, 21 and 27, [redacted] recital of Prokofiev piano sonatas [redacted] John Lill (April 21) and concerts [redacted] April 22 and 23 featuring chamber and orchestral music by Nikolai [redacted] (1881-1944). The [redacted] culminates with a performance on April [redacted] Gubaydulina's Offertorium [redacted] Sergei [redacted] and the [redacted] Radio Symphony Orchestra conducted by Vladimir [redacted].**

**[redacted] Europe's great orchestras, the [redacted] Staatskapelle, will [redacted] making a rare tour over the next two [redacted], conducted [redacted] Bernard Haitink. Like [redacted] Vienna Philharmonic, [redacted] Staatskapelle is an opera [redacted] which organises [redacted] and regularly [redacted] leading conductors. [redacted] Symphony will [redacted] the main [redacted] on the tour, which begins tomorrow at the Berlin Schauspielhaus [redacted] in London (Mon), Amsterdam (Tues), Paris (next Fri) and Zurich (April 21).**

**For the [redacted] two [redacted], the Opéra-Comique in Paris [redacted] tribute [redacted] 18th century French playwright [redacted] librettist Charles Favart. The [redacted] has put together a double-bill comprising the vaudeville entertainment La repetition interrompue and the comic opera La Fee Urgele, set to [redacted] by Favart's near-contemporary Egidio Romualdo Duni.**

**The main operatic interest [redacted] the coming [redacted] centres [redacted] London and Milan. The English National Opera is staging a new production of [redacted] Grimes (Wed), conducted by David Atherton and directed by Tim Albery. Tomorrow at La Scala, Riccardo Muti continues his revival of operatic repertoire from the pre-Romantic era with Pergolesi's Lo frate 'nnamorato (1735).**

## EXHIBITIONS GUIDE

**AMSTERDAM**

**Rijksmuseum** A Century Apart: a survey [redacted] 19th century paintings [redacted] museum's own collection, [redacted] examples [redacted] by leading [redacted] the Hague School, [redacted] Corot. Ends June [redacted] Painting: [redacted] paintings [redacted] on [redacted] silk by [redacted] painters from the [redacted] the 19th century. Ends June [redacted] Dutch Drawings from [redacted] George [redacted] 115 drawings mainly from the early 17th century, including [redacted] by Rembrandt. Ends April 28. [redacted] Mon

**Van Gogh Museum** Dutch Painting 1880-1895, with 178 works tracing [redacted] artistic [redacted] pioneered by [redacted] generation [redacted] the Hague [redacted]. Ends May 26. Daily

**Stedelijk Museum** Paintings and drawings 1974-90 by the American [redacted] Agnes Martin (b.1912), often [redacted] with the New York abstract expressionists and [redacted] for [redacted] character of her work. [redacted] May 12. Daily

**BASLE**

**Museum für Gegenwartskunst** Rosemarie Trockel (b.1952), 170 drawings illustrating [redacted] German [redacted] gift for ambivalence and gentle provocation. Ends June 17. [redacted] Tues

**BERLIN**

[redacted] für [redacted] Kunst From Expressionism to the Resistance: Art in Germany 1909-1936, tracing the development of Expressionism and [redacted] reaction against it in [redacted] Sachlichkeit. Ends April [redacted] Closed [redacted]

**National Gallery** Anselm Kiefer: 58 [redacted] by [redacted] (b.1945) [redacted] from [redacted] worldwide, including expressionist paintings [redacted] monumental [redacted] sculptures, voicing [redacted] preoccupation with [redacted]. [redacted] May [redacted]

**DUSSELDORF**

[redacted] Albrecht Durer: 50 paintings [redacted] drawings by the [redacted] from [redacted] period [redacted], with examples [redacted] in [redacted] the Netherlands, together with [redacted] by [redacted] contemporaries. [redacted] May 5. Daily

**FRANKFURT**

**Jahrhunderthalle Hoechst** Hans Arp and Sophie Taeuber: [redacted] and surrealist paintings, drawings and [redacted] sculptures, representing the [redacted] of the [redacted] couple's work from [redacted] 1930s and 1940s. Ends April 21. Daily

**Schirn Kunsthalle** From Lucas [redacted] Caspar [redacted] Friedrich: 52 paintings by German artists from [redacted] 16th to [redacted] century, on loan from the Leningrad Ermitage. Ends June [redacted] Walter Schmogner: Magical Spaces, a collection [redacted] paintings and drawings by [redacted] Austrian [redacted] (b.1943) best [redacted] for his [redacted] illustrations. [redacted] May 5. Daily

**Stadtische Galerie im Stadel** [redacted] Cornelius: Drawings for [redacted] Faust, including the original 12 drawings from 1810-16, together with [redacted] by Cornelius and Faust-illustrations by [redacted]. Ends May [redacted] Daily

**LEIPZIG**

**Museum der [redacted] Kunste** The Visionaries: paintings by [redacted] modern Austrian fantasists including Ernst Fuchs and Rudolf Hausner, which explore [redacted] unconscious, [redacted] the humorous, and represent a [redacted] which until recently was [redacted] in [redacted] Germany. Ends May 5. [redacted]

**LONDON**

**Hayward Gallery** The Twilight [redacted] the Tsars: [redacted] Art [redacted] Turn [redacted] the Century, [redacted] 500 [redacted] from [redacted] galleries. [redacted] May [redacted] Daily

[redacted] Ernst: centenary retrospective [redacted] German-born Surrealist. Ends April 21. Daily

**LUGANO**

**Villa** [redacted] Early [redacted] Art: [redacted] examples [redacted] 14th and early 15th century painting from [redacted] in Switzerland [redacted] Liechtenstein, focussing on Gothic and early Renaissance art from Florence, Siena, Bologna [redacted] Rimini. Ends June 30. [redacted] Mon

**MADRID**

[redacted] Nacional [redacted] Arte Reina Sofia Markus Lupertz (b1941): major exhibition of work by leading member [redacted] Germany's [redacted] Wilder group. Ends May [redacted] Also [redacted] from the Guggenheim Collection: 125 paintings and sculptures representing [redacted] main movements in 20th century art. Ends [redacted] 13. Closed Tues

**MARTIGNY**

**Fondation [redacted] Gianadda** Chagall in Russia: [redacted] oils and 150 drawings [redacted] watercolours from Soviet museums and private collections. The majority, including seven panels of [redacted] for [redacted] Theatre, were until recently hidden from the public eye. [redacted] June [redacted] Daily

**MUNICH**

**Kunsthalle der Hypo-Kulturstiftung** Marc Chagall: major retrospective including 111 paintings and four wall tapestries from American [redacted] European collections, [redacted] examples from all periods in [redacted] life. [redacted] June [redacted] Daily

**Villa [redacted]** Sculpture [redacted] Space: [redacted] sculpture [redacted] examples [redacted] art by Max Bill (b.1908) [redacted] eight [redacted] from Germany, Switzerland and Scandanavia. Ends April [redacted] Mon

**NEW [redacted]**

**Brooklyn [redacted]** Bierstadt: 74 works by [redacted] century [redacted] landscape painter. Ends [redacted] Monet and [redacted] Contemporaries. [redacted] June 3. [redacted] Tues

**Metropolitan [redacted] Art** Eugene [redacted] 125 paintings, drawings, [redacted] prints from North American [redacted]. Ends June [redacted] The Fauve Landscape: Matisse, Derain, Braque [redacted] Their Circle, with 125 [redacted] showing the vibrant quality of landscape painting [redacted] in the [redacted] decade of this century. Ends [redacted] 5. [redacted]

**Museum of Modern Art** Liubov Popova: 55 paintings [redacted] 60 [redacted] paper by the early 20th century Russian avant-garde artist. [redacted] April 23. [redacted] Art [redacted] Forties. Ends April 30. [redacted] Wed

**PARIS**

**Grand [redacted]** Georges Seurat: 100 paintings and 120 drawings by the leading neo-impressionist and founder [redacted] Divisionism. Ends August 12. Daily

**Musée Rodin** Camille Claudel: 80 sculptures, among them several versions of [redacted] Waltz with figures swirling in Art Nouveau movement, are included along with 20 paintings, engravings and drawings – representing virtually the [redacted] oeuvre of Rodin's disciple [redacted] tragic lover. Ends June [redacted]

**Louvre,** [redacted] van [redacted] showing [redacted] Italian [redacted] on [redacted] Flemish painter, [redacted] in Antwerp in 1511 [redacted] around 1515. [redacted] 27. [redacted] Tues

**Louvre (entry through [redacted] Pyramid)** [redacted] Saint-Denis: [redacted] 60 remaining ornaments, ivories, precious manuscripts [redacted] regalia from the [redacted] Abbey [redacted] Saint-Denis, which was dispersed by [redacted] Revolution. Ends June 17. [redacted] Tues

**ROTTERDAM**

**[redacted] Boymans-van Beuningen** A.R.Penck (b.1939): paintings, sculptures, drawings and [redacted] from the [redacted] collections, reflecting [redacted] versatility [redacted] Dresden-born artist. Ends May 26. [redacted] Mon

**VENICE**

**Palazzo Grassi** The Celts: a major exhibition with more than 2,200 [redacted] from [redacted] around [redacted] world, providing archaeological and scientific [redacted] of [redacted] evolution of the [redacted] people from [redacted] century [redacted] to [redacted] the Middle Ages. Ends [redacted] 8. Daily

**VIENNA**

**Albertina** Jean-Auguste-Dominique Ingres (1780-1867), [redacted] drawings and oils from the Ingres [redacted] in Montauban. E[redacted] April [redacted] Daily

**WASHINGTON**

**National Gallery** Art for the Nation: [redacted] for the gallery's [redacted] anniversary, including [redacted] by Cézanne, Jan Brueghel [redacted] Elder, Frans Snyders, Bellini [redacted] Toulouse-Lautrec. Ends June 16. Daily

**FINANCIAL TIMES**

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 [redacted] 071-407 [redacted]

Friday April 12 1991

# Italy's second republic

ITALY'S post-war constitution was designed [redacted] prevent a return to totalitarianism, and while it has been successful in many [redacted] it has required regular feats of ingenuity [redacted] keep it running. As the result of the need to form a new government, the country's leaders have been [redacted] at [redacted] substantial measure of constitutional reform.

The idea is not new, but the need for reform has [redacted] more urgent as it has grown clearer that the system has [redacted]ed to meet the challenges of [redacted] modern European [redacted]racy. Unlike Germany and Japan, the Italians [redacted] the good fortune [redacted] having a US-inspired constitution creating [redacted] between legislature and [redacted] – with the scales tipped towards the lat[redacted]. While the Italian model has provided stability – whatever the jokes [redacted] vaudeville changes of government – a strong executive has been lacking. That [redacted] obliged [redacted] Italians [redacted] look increasingly to others, most recently the European Community, for discipline in passing unpalatable budgetary and monetary laws.

The need for [redacted] redrawing of the roles of [redacted] parliament and the executive, and for a shift in parliamentary arrangements in order to give the government the power to pass legislation in reasonable time, [redacted] now [redacted] enough. It is also evident that there is too much duplication [redacted] the [redacted] parliament. The Senate must be found a role in controlling and checking legislation similar to that played by upper chambers in other European democracies.

## Electoral reform

Action needs to be taken, too, on reforming the country's [redacted] system, which [redacted] based on a very pure form of proportional representation. The system has encouraged the growth of [redacted] multiplicity of par[redacted] and spawned unwieldy coalitions. Recently the fragmentation has grown worse.

A move to [redacted] more presidential system of government could also help. Not least, any process of reform must include action on the public administration, [redacted] emphasis on procedure rather than results has erected [redacted] further barrier [redacted] change.

Yet none of the constitutional measures under consideration is more important than revising the current system of decree laws. Their increasing use in recent years is one of the best indicators of the country's demand for more effective government. Mr Giulio Andreotti, the prime minister, [redacted] made the welcome suggestion that bills on the budget and public finance should be unamendable, but action is necessary on the decree law system [redacted] general. Passing laws by decree, which are then subject [redacted] parliamentary approval, has put policy at risk as parliamentarians have regularly amended decrees out of recognition. Moving to a system whereby parliament would be faced with the stark choice between approval or rejection, triggering new elections, would help to concentrate the mind.

## Better prospects

Will the politicians bite the bullet? Last night, the government [redacted] off but the [redacted] stands. When they [redacted], any changes will still require the backing of Mr Achille Occhetto's Democratic Party of the Left (PDS), the former com[redacted]. The PDS [redacted] aware that the party's waning support means it is unlikely ever again to enjoy [redacted] current parliamentary strength, [redacted] they will probably ask for electoral reform. [redacted] form of proportional [redacted]tation [redacted] penalise the Socialists and allow the PDS to remain [redacted] biggest grouping in parliament.

Short of that, the PDS may be content with playing an active part in the reform process. That, too, would offer the party the opportunity for closer contacts with the left wing [redacted] Christian Demo[redacted] [redacted] development would put both the centre-right of the Christian Democrats and Mr Craxi's Socialists, who have enjoyed a [redacted] relationship of late, into something of [redacted] dilemma. Thus constitutional reform may not just open the door to better government in Italy; it could also inject [redacted] welcome element of fluidity into an increasingly atrophied system of party [redacted]. Last night's indecision is a disappointing and unwelcome delay.

# A setback for water metering

THE IDEA [redacted] should be sold like any other commodity, priced by quantity, has always appealed strongly to market theorists; and when water was privatised in the UK, it was expected that the new companies would eventually sell metered water. This would give customers an incentive for economy, and suppliers an incentive to develop new resources. QED.

The real world, however, is not always so neat; and the news that comprehensive metering [redacted] been flatly rejected by Thames Water – the biggest supplier – and by the Institution of Water and Environmental Management, which represents some 11,000 professionals, should provoke [redacted]hinking. Thames argues that metering is partly impracticable, because many houses share supply pipes, as [redacted] as being unacceptably [redacted], both [redacted] install and [redacted] – a rejection, but still compatible with the verdict [redacted] the [redacted] Association that metering [redacted] "practicable", at any rate for 95 per [redacted] of users, but "expensive", with a national capital [redacted] of £4bn. The idea, in short, may be sound, but [redacted] sums don't come [redacted].

The institute goes further: metering in general would be a bad idea even if it were cheap. [redacted] is "inappropriate", [redacted] the fixed costs of providing a supply are 80 per [redacted] the total costs of the water undertakings. The economies promised would be "illusory", and more than offset by meter reading costs, because water is cheap, and would remain [redacted] even with the additional costs of metering. The technology to do the only important job – peak pricing to discourage use at heavy load times and in droughts – has not yet been developed. This suggests that the proponents of metering had not even done their homework.

## Further objection

There is a further objection, which [redacted] on priorities. The need for economy (and thus for charging by quantity) is purely regional in the UK. The south-east is densely populated, and relatively dry (the two facts are not entirely unconnected); but the north-west receives far [redacted] rain than it can [redacted]. Until fairly recently, this was [redacted] interest only to climatologists; all regions had enough water most of the time. There was never much need to move water from one region to another. However, rising population, and above all rising living standards, have made shortages nearly endemic in [redacted] regions, and there is [redacted] lively demand for a national water grid [redacted] matters (though the Welsh and the Scots might object to the word "national").

## Reliable supply

The costs are again high, but only of about the same order of magnitude as that of comprehensive metering. Users would surely rather pay higher bills to secure a more reliable supply than simply in order to know how much they use. It must make sense to promote distribution above marketing in the investment priorities – especially since the technology of water transfer has been perfectly adeq[redacted] Roman times, while that of useful metering is still under development. [redacted] structure of the pri[redacted] industry po[redacted] some contentious problems about who pays: justice suggests that the whole burden should fall on the water importers, but this could be politically tricky. But such problems are soluble in principle; and it would be a poor advertisement for privatisation if the only result was to institutionalise local drought in a small, wet island.

There is still, of course, a strong case for charging unusually heavy users by quantity – industrial and agricultural users, and houses with large gardens – at any rate in areas of recurrent water shortage. It may [redacted] be possible [redacted] offer a metering option to households which feel that they are [redacted]harged unfairly under the present system – small households, [redacted] those without modern appliances or cars, for example. They could [redacted] offered the option to buy a meter, which they would read themselves (with occasional checking).

The case for comprehensive metering, however, is not strong enough to justify a £4bn investment, even if it does not weigh on the public sector borrowing requirement.

**Quentin Peel, the FT's man in Moscow for four years, reflects on the Soviet people's search for models [redacted] their country collapses**

# Mutiny aboard the ship of state


The Soviet Union today is torn between anarchy and apathy. Its peoples have lost faith in their past, but they have yet to find any hope in their future.

Material li[redacted] for ordinary citizens is miserable. Money has lost almost all value and inflation is rampant. Crime is soaring on the streets: muggings [redacted] committed just to snatch a pair of trousers. The writ of Moscow no longer runs, but no other writ has been invented to replace it.

The position of President Mikhail Gorbachev looks ever less tenable: Man of the Decade, Nobel Peace prize-winner, without question one of the towering political personalities of the second half of the 20th century, he is now more unpopular at home than it is imaginable for any western politician to be. Even as he has accumulated [redacted] powers [redacted] executive president, [redacted]d of government and Communist party leader, he has become ever less able to exercise them. The country is increasingly both ungoverned, and ungovernable.

Indeed, Mr Gorbachev's very unpopularity is one of the few things still uniting the nation. What little respect he enjoyed last year has evaporated as he has fallen back on the support of the rump of his once all-embracing Communist party, and on those pillars of the old establishment, the military and the KGB. A recent opinion poll in Nizhnevartovsk, [redacted] in the heart of the vital oil industry, gave him a rating of just 0.8 per cent.

His great rival, Mr Boris Yeltsin, can boast much more. As chairman of [redacted] Russian parliament, he has won for himself powers comparable – on paper – to those of Mr Gorbachev. If he is directly elected on June 12 as [redacted] president, [redacted] popular mandate will be unchallengable. Yet he remains an equivocal figure, offering simultaneously more democracy, and more discipline; more [redacted] power, and more nationalism; more radical [redacted] reform, and yet somehow less pain for the people. His support is based on the negative, not the positive: he is seen as the great opponent, [redacted] of the establishment and defender of the common man. Even close supporters admit that he lacks a real political programme, a real vision of the future.

Objectively, [redacted] of the Soviet Union today [redacted] scarcely seem more gloomy. Mr Oleg Ozherelev, the economic adviser to the president, forecasts a production slump [redacted] no less than 40 to 50 per cent this year if no remedial action is taken. The finance minister and chairman of the state bank say the economy is "on the brink of [redacted] catastrophe". Only the pessimism of the people may make it seem even worse than it is.

The national economy, always a creaking, ramshackle affair, is grinding to [redacted] halt. Not only are at least [redacted] quarter of the nation's coal miners on strike, rapidly bringing the massive steel industry to a standstill, the rest of the energy sector is in crisis. The oil industry [redacted] collapsing, with production falling by almost 10 per cent last year. Its leaders warn that the [redacted] greatest oil producer could be a net oil importer by 1994. And oil accounts for 60 per cent of all export revenues.

Because of reaction to the Chernobyl disaster in 1986, virtually every nuclear power project on the drawing boards has been scrapped. Were it not for the slump in economic activity, the nation would already face a critical energy shortage.

At the same time, the nation's infrastructure is cracking up. [redacted] railways are incapable of [redacted] freight requirements. Even before the first [redacted] strike in 1989, huge stockpiles of coal had accumulated at the pitheads, and many had spontaneously ignited, for lack of wagons to shift them.

The energy crisis [redacted] meant [redacted] the main airports regularly run out of aviation fuel. There was a small riot at the airport in Chelyabinsk, the third-largest industrial city [redacted] the Urals, in February, when passengers stranded for [redacted] week staged [redacted] sit-down on the runway.

The telecommunications system is [redacted] incapable of handling [redacted] increased demands [redacted] enterprises needing to communicate with each other, and not with Moscow alone. Cross-country [redacted] are grossly inadequate; as long as all lines [redacted] to Moscow, they were never needed. While the reformers talk blithely [redacted] the transition to a market economy, the infrastructure is simply not there [redacted] accommodate it.

On top [redacted] the [redacted] reality comes the political confusion, the chaotic battle for power, which is [redacted] once both ideological and nationalistic. On the one hand, it is a battle to remove the morally corrupt and politically bankrupt Communist party from power. That is overlaid and often confused by the struggle of the myriad small [redacted] of the Soviet empire to regain their independence from Moscow. And it is thoroughly compounded by the apparent determination of the Russians themselves, led by Mr Yeltsin, to dismantle the empire of their own making.

Mr Gorbachev's referendum on the preservation [redacted] the union pro[redacted] nothing. The six republics [redacted] want to break away – the three Baltic rebels, plus Georgia, Armenia and Moldavia – failed to co-operate. The Baltics [redacted] Georgia held their own polls, showing [redacted] predictably enormous majority for independence. Even in the rest of the country, still containing some 90 per cent of the population, [redacted] form of [redacted] future union is still open to question.

The Soviet leader's problem is that his union remains entirely identified with the Communist party and the whole structure of centralised control. It means that a new union treaty will effectively be agreed from the top down, not from the bottom up. It is not a voluntary union [redacted] sovereign states, and therefore will be more likely to split the country than to unite it.

It was almost certainly Mr Gorbachev's fear that the union would disintegrate, added to his conviction that he is the one man who can keep it together, [redacted] prompted his retreat from radical reform last year. At that moment he made [redacted] fundamental choice to stay on the side of the still-conservative Communist party, the military high command and the KGB. There is little doubt that it was [redacted] mistake.

[redacted] Stanislav [redacted], the maverick market economist who for 18 months was Mr [redacted] confidant and adviser, spelled out the implications of the decision in a devastating open letter to the president in January. Any sane man could see, he said, that it was "the totalitarian Communist ideology permeating all pores of our crippled and stupefied society" which was [redacted] the heart of the national crisis. He begged the Soviet leader to abandon the post of Communist [redacted] and allow the party to disintegrate. Mr Gorbachev could carry out no reform with the enemies of reform as his allies, Prof Shatalin [redacted].

The professor has [redacted] quit [redacted] party, [redacted] the [redacted] Committee, of [redacted] he was a [redacted], could expel him. He says [redacted] finally lost faith with Mr Gorbachev when the [redacted] leader deployed troops with dogs on the streets of Moscow to confront the big peaceful demonstration for Mr Yeltsin on March 28.

So is the picture totally bleak, with economic collapse matched by political stalemate, and disintegration – both political and economic – the only possible outcome? Is perestroika truly dead, or is this merely [redacted] tactical retreat? And if it is another Gorbachev manoeuvre, can he stay in power long enough to get back on track?

The answer is that perestroika is dead, and that is no bad thing. For perestroika was always [redacted]. It was an attempt to make the old system work better, to give Soviet socialism an efficient, human face. But the old system was so flawed, such a total distortion of the laws [redacted] economics and human nature, that it could not be simply "restructured". It had to be dismantled. That is what is happening today, whether Mr Gorbachev likes it or not.

Indeed, until last year it seemed the Soviet leader himself realised the need [redacted] pull [redacted] the [redacted]. His actions, in spite of lip service paid to preserving socialism's achievements, were leading to the destruction of the old order. Yet when the Shatalin report, the famous 500-day programme, was finally put on the table last September, and it became clear that a rapid and radical transition to a market economy meant the demolition of the old order, Mr Gorbachev baulked.

He was under huge pressure from the party bureaucracy, above all from the defence industry and the military establishment (far more powerful than any equivalent that might exist in the west), and even from the communist barons of agriculture – the directors of the largely bankrupt state and collective farms. They may even have threatened to remove him from power. Professor Nikolai Petrakov, then his economic adviser, says they gave him an ultimatum, [redacted] unlike the unruly democratic demonstrators, "they had men with guns" standing behind them.

Whatever the reason, the pillars on which Mr Gorbachev fell back for support [redacted] defend the empire [redacted] no longer firm. The party is in terminal decline. It may still retain the power to disrupt reform, but it has nothing to put in its place. Membership has begun to collapse and, as Prof Shatalin said, without Mr Gorbachev it would simply disintegrate.

The military and the KGB are them[redacted] divided, like every other institution in the country. If they decided that Mr Yeltsin gave them a better chance of survival, they would switch to him. The middle ranks of the military deeply resent the swathe of generals above them, while the mass of conscripts are increasingly a law unto themselves. When Marshal Dmitri Yazov, the minister of defence, announced [redacted] year [redacted] service in the riotous Trans-Caucasian republics would be voluntary, it seemed to indicate that even the military had lost the will to maintain the empire.

The KGB is increasingly an imperial guard without a cause. It is seeking a new role in the prosecution of what it calls "economic crime", unable to see that felonies such as "speculation" are essential parts of a future market economy. The only force holding the [redacted] together seems to be a fear of retribution once it falls apart.

When Mr Gorbachev opted for retreat, he did so [redacted] the conviction that the population was also fed up with reform, and the chaos it had caused. To an extent he was right. The atmosphere in [redacted] queues is one of [redacted]terness and resignation. There is an all-pervading fear of something [redacted] "the mafia" which people believe is set to exploit any liberalisation which may [redacted] to a market economy. That [redacted] the [redacted] the KGB is exploiting.

On the other hand, Mr Yeltsin, a [redacted] politician who has not [redacted] touch with the grass roots, is convinced that ordinary people do want change: they want to get rid of the corrupt establishment of the Communist party, the *nomenklatura*. [redacted] they want to do it without plunging into the economic unknown.

The leaders are exploiting [redacted] aspect each [redacted] the dilemma: that people are sick of the old system (criticised by Yeltsin) and terrified of the new (propounded by Gorbachev). [redacted]ther offers an answer. Hence the drift, the current black despair.

In spite of everything, some Soviet citizens still manage expressions of courageous, if perverse, optimism. "We may be worse off today than we were five years ago, in every material way," one [redacted] declared [redacted]. "But I don't care, [redacted] at least we have got a little more air [redacted] breathe. We must never forget how stifling, how dead it was before."

The challenge today is how to manage the process of disintegration of the Soviet empire so as to cause as little human suffering as possible. It is a challenge which the west faces, as much as any leadership [redacted] may emerge in Moscow. There is a terrible vacuum of ideas and vision of the future in the Soviet Union today, and people are crying out for advice. They want models. They want prescriptions. They do not want the west simply to react when it is all too late.

# OBSERVER

## Maverick academics

■ If the history of the official press release is ever written, yesterday's two-sider from The Bruges Group will deserve a mention.

Dreamt up over [redacted] good lunch by Patrick Robertson, a young Oxford undergraduate, and Dr Alan Sked, a party-loving, middle-aged academic from the London School of Economics, it has caused a stir which seasoned public relations hands can only dream of.

No doubt having Mrs Thatcher's name on the note[redacted] helped, and the Tories [redacted] especially sensitive about Mr Major's wimp factor at the moment. Nevertheless, [redacted]hen an unknown like [redacted]son drops out of university at 20 and founds one of the most active academic pressure groups around, he should not be dismissed too lightly.

He may have been naive, but he is still less than half the age of John Major, the youngest prime minister this century. Tory pressure groups come and go, and yesterday's outburst may well mark the high point [redacted] this little bunch. But it would be surprising if it is the last one hears of Patrick Robertson. Professor Norman Stone, a Bruges man, is a Robertson fan, describing him as a "Scoto-Franco-Italian".

Alan Sked, Robertson's partner in crime, is unrepentant. Yes, the reaction had been more violent than expected, but it had established the group's independence. "We are not a safe little in-house Tory group", says Sked, and far from resigning, people have been ringing up to join.

## Cross-border

■ A new job has turned up [redacted] Lothar Späth, erstwhile high-flying prime minister [redacted] Germany's southern state of Baden-Württemberg, who was forced to resign in January after allegations of financial improprieties.

He's to be an adviser to the government of the nearby east German state of Thuringia, helping to work out the industrial future of the troubled [redacted] German end of the Zeiss optical and electronics group.

It was expected that [redacted] eastern and western parts - the latter is located in Baden-Württemberg – would soon re-join after 40 years of post-war separation. But the Thuringian government has taken over the eastern Zeiss, and is trying desperately to preserve jobs there.

Späth's task appears far lowlier than the top post in west German industry he had been rumoured to be seeking. It remains to be seen whether his role in Thuringia will be to help or hinder eventual Zeiss reunification.

## Tap, tap

■ Pasts can be awfully embarrassing sometimes. Miklos Nemeth, the new personnel chief of Jacques Attali's European Bank for Reconstruction and Development, should have [redacted] London yesterday, readying himself for next Monday's opening ceremony.

Instead he was in court in Budapest, testifying in the trial of two former secret police chiefs accused of illegal phone-tapping the opposition. Why? He was their boss in his former job as Hungary's last communist prime minister.

## Caught short

■ Lloyd's of London has [redacted] a terrible thing. It refused to allow one of the FT's most respected correspondents, Eric Short, into its monthly press conference yesterday on grounds of security.

Second on the most wanted lists only to "Carlos the Jackal", "Eric the Actuary" is wanted in several jurisdictions for being armed and dangerous with loaded questions. He has terrorised the insurance industry over the decades. One question from Eric about head office expenses can stun a press officer at 20 [redacted].

Eric, wh[redacted] spent more than a quarter of a century with the FT, will shortly retire. Security guards and insurance company directors alike will doubtless be relieved that, [redacted] more, their bureaucratic world will be a safer place.


"And we get the streets cleaned as a gift."

## Volvo dragon

■ Volvo, the Swedish car giant, is about to break with convention by appointing a woman to its board of directors for the first time. Moreover she is not Swedish but a baroness from Hong Kong, and only the fifth foreigner ever to grace the Volvo boardroom.

Baroness Dunn, made a life peer last year, is the most powerful woman in Hong Kong. She sits on the board of the Swire companies, Cathay Pacific, and the Hong Kong and Shanghai Banking Corporation. But she is better known for her political connections than her business prowess.

Married to a former Hong Kong attorney-general, Baroness Dunn has been on Volvo's international advisory board since 1975. But her elevation to the auto company's main board of directors is still a surprise. Like most Swedish companies the Volvo board is populated almost entirely by Swedish men, and unless the group has great plans in China it is hard to know what she will bring to the boardroom table, apart from some overdue glamour.

## Fox TV

■ Sir Paul Fox, managing director of BBC TV for the past three years, said his goodbyes to the Beeb's governors yesterday. But I am glad to see that Fox, one of the most senior figures in British broadcasting and president of the Royal Television Society, does not intend to slide quietly into idle retirement.

He is intent on getting back into commercial TV and will shortly resurface as chairman of a powerful consortium trying to overturn TV-am, the national commercial breakfast television station in next month's competitive tenders. The consortium is being put together by ITN, and includes Michael Green's Carlton Communications, Conrad Black's Daily Telegraph group and MAI, the financial services conglomerate.

Not to be outdone, Fox's son Jeremy, has put down his marker as chief executive of a consortium bidding for Anglia Television.

## True

■ Schoolboy's translation of *Honi soit qui mal y pense*:

He may be honest who thinks badly.

# Industrial roadshow picks up speed

**Michael Cassell on the Labour party's efforts to promote modernisation in manufacturing**


Pointing out Britain's lack of manufacturing skills and competitiveness - Mr Neil Kinnock

Mr Neil Kinnock, the Labour leader, today visits Britain's manufacturing heartland to try to convince an influential audience [redacted] business executives that Labour is the party of industry.

[redacted] Kinnock's armoury, to be rolled out in Birmingham's new £160m convention centre, includes a map of the British Isles highlighting some of the country's brightest inventions – but naming the countries where they were subsequently developed and produced.

The Birmingham meeting is [redacted] of the more public occasions in an unprecedented, behind-the-scenes effort by Labour to reach a consensus on the best way to modernise Britain's manufacturing industry and make it competitive.

In a prolonged dialogue with the business and trade union community a series of "Industry 2000" seminars and private meetings around the country have been aimed at securing common ground on a policy which, Labour claims, will transform British industrial performance within a decade.

Mr Kinnock and his colleagues intend to use Britain's loss of manufacturing skills, capacity and competitiveness as a central plank in their general election campaign. The party intends to press its claims that to foster lasting national prosperity, sustained investment in skills and manufacturing capacity is required.

The party is also trying to raise its stature overseas and and to convince domestic voters that it is competent enough to run the economy. While Mr Kinnock speaks in Birming[redacted], Mr John Smith, the shadow chancellor, will be rounding off a week of talks in Japan.

Mr Tony Blair, the party's employment spokesman, has this week been in Berlin, talking to industrialists and trade unions, while Mr Gordon Brown, the trade and industry spokesman, has completed an itinerary taking him from Germany [redacted] Australia, Japan and [redacted] US.

The opposition's [redacted] upon a partnership between public [redacted] private sectors aimed particularly [redacted] improving transport and [redacted] infra[redacted] revitalising regional economies. [redacted] might not [redacted] perfect, but says that the economy "will be a damn sight stronger than it is now".

Labour's programme will offer a number of specific, limited-period allowances and fiscal incentives to manufacturing companies, combined with a national training strategy. Employers who fail to partici[redacted] in this will [redacted] obligatory [redacted] levy.

Equally important [redacted] the party's commitment [redacted] coming alleged institutional "short-termism", which [redacted] blight on [redacted] toying [redacted] the idea of offering preferential capital gains tax [redacted] or [redacted] executive directorships [redacted] investors [redacted] long-term view.

While [redacted] they are not seeking public [redacted] for their [redacted], they are hoping to [redacted] up [redacted] run-up [redacted] general [redacted]. The [redacted] ally him[redacted] with [redacted] Sir [redacted] Harvey-Jones, the [redacted] of Imperial [redacted] Industries. He [redacted] party during [redacted] policy-making [redacted] and [redacted] incentives [redacted] promote manufacturing [redacted] and innovation.

Mr [redacted] Paul, [redacted] of Caparo Industries, [redacted] engineering [redacted] Labour's proposals are "very attractive". Government, [redacted] emphasises, has no business running industry but it must act directly to stimulate longer-term manufacturing investment.

Helping to formulate and promote Labour's new approach has been the low-profile Labour Finance and Industry Group, [redacted] organisation of 140 senior [redacted] with party sympathies.

Lord Gregson, a director of Fairey Group, the specialist engineering company, is a member and also serves on the House of Lords Science and Technology committee which recently warned that there would be no significant British-owned manufacturing industry left without additional government funds. The government, he says, has to intervene to stem the shrinkage of the industrial base.

Sir Sigmund Sternberg, the industry group's deputy chairman and chairman of Martin Slowe Estates, the property investment company, says he is handling numerous inquiries from former Conservative supporters who want to help win acceptance for Labour's manufacturing strategy.

But critics have suggested that Labour is merely replaying an old, unsuccessful theme. In the run-up to the 1987 general election, the party made increasingly [redacted] claims that its [redacted] of a new, strategic partnership between industry and government was getting across. Businessmen, said a Labour aide, were "falling over themselves to speak to us".

The [redacted] to pay off, however, and five [redacted] later, Labour thinks it is now occupying [redacted] fertile territory. Mr Kinnock has again been doggedly spelling out [redacted] of Britain's alleged industrial decline, stressing that its share of world manufacturing trade is 20 per cent lower than in 1979, while manufacturing investment is back to the levels of a decade ago.

Labour believes its industrial roadshow has ended old prejudices surrounding its [redacted]posed obsession with the command economy. The party claims that, in the early days, local businessmen arrived with nasty questions provided by the Confederation of British Industry, a practice which it says has now stopped.

But the party is well aware that a polite reception in the boardroom is no guarantee of support. The chairman of one of Britain's biggest businesses dismissed Mr Kinnock's contribution during a private encounter as "textbook naivety".

[redacted] large engineering [redacted]: "His approach makes eminent good sense. [redacted] people [redacted] can help industry with[redacted] trying [redacted] over [redacted] shop."

Party spokesmen, in private sessions, have been pinned down to provide reassurances that Labour will demand [redacted] restraint; [redacted] relatively peaceful period of industrial relations [redacted] not be jeopard[redacted] by [redacted] labour laws; and that a Labour government will not revert to type with a fresh phalanx of [redacted] bureaucracies.

[redacted] a [redacted] example, to [redacted] medium-sized companies and to mobilise private capital for public investment projects have kept alive some [redacted] about Labour's interventionist leanings.

The question [redacted] party's proposals will be [redacted] been repeatedly raised. The CBI says Labour's approach to manufacturing [redacted] positive [redacted] Banham, the director-general, adds: "There remains, apparently, a touching faith that the man in Whitehall knows best and it is difficult to see how the proposals will be financed without levies on industry or raising personal taxes."

[redacted] Directors has [redacted] of Labour's proposals but Mr Peter Morgan, the director-general, echoes concern about who [redacted] bill: "The [redacted] incentives will have to be paid for – by taxes on business."

The shadow chancellor denies the charge and says he he can find £1bn by ending offshore tax loopholes. Any other [redacted] required will, as [redacted] party mantra [redacted]ally flow from [redacted] growing economy.

Many industrialists running public companies, along with heads of representative organisations, acknowledge that such growth requires an element of targeted assistance by government. Sir Denys Henderson, ICI's chairman, though careful not to enter the political arena, says he welcomes any government initiative intended to stimulate investment in manufacturing industry.

Mr Gerald Frankl, chairman of the British Office Technology Manufacturers Alliance, which represents companies designing and manufacturing information technology systems, [redacted] many [redacted] his [redacted] are [redacted] supporters [redacted] have [redacted] impressed [redacted] party's [redacted] to "get down to the nitty-gritty".

The government, however, will use every opportunity [redacted] undermine its opponents' economic credibility. Mr Peter Lilley, the trade and industry secretary, poured scorn in a recent Commons debate on the shadow DTI team, dubbing them "seven industrial virgins, unsullied by any experience of industry".

Mr Brown [redacted] "I [redacted] that [redacted] ment [redacted] has said [redacted] deficit does not matter, that manufacturing is an obsession of Labour and that an industrial policy is a Marxist conspiracy will be the one to face a credibility gap."

## Joe Rogaly

# Labour steals a march

It takes some doing [redacted] give the Labour party [redacted] tactical advantage over the Conservatives in nationwide local government elections. Labour introduced the loony left into city centre councils like Lambeth, Haringey and Camden – and the malicious left into others – Liverpool, say, or Manchester at its worst. Labour governance of [redacted] by the unemployable has given us [redacted] zones, gender-[redacted] support groups, and the visible ruination [redacted] perfectly [redacted] by infesting them with sub-standard [redacted] with not a thought in their cotton-wool minds. The cost, reflected in local taxation, has soared beyond the reach of public acceptability. Yet today Labour looks like the competent party with sound ideas on local government; the Conservatives are the knuckleheads.

I will not go on about the Tories' part in their own downfall. There is a limit to the number of kicks one may reasonably inflict on a prostrate government – although when it comes to local government the Conservatives deserve [redacted] they [redacted] getting. They [redacted] poll tax; they are now suffering just but seemingly interminable [redacted]nies as they fail to find a satisfactory way out. This we know. What is less widely appreciated is that the Labour party is not merely benefiting from Tory ineptitude. It is doing better than that. It is fighting a skilful campaign, based on policies good enough for the government to steal.

The groundwork was laid by the party leader, Mr Neil Kinnock, who has spent the past four years transforming a left wing-dominated rabble into a modern social democratic party. He has begun to purge local [redacted] their loonies; Lambeth [redacted] the [redacted] example. The skill [redacted] in parliamentary [redacted] as [redacted] squirmed under the [redacted] of Mr [redacted] and Mr [redacted] Gould, the shadow minister responsible. Mr Gould, who has [redacted] sharper brains in the party, has been assisted by Mr David Blunkett, whose experience as leader of Sheffield council has enabled the team to finagle points through a Labour leadership that is [redacted] some ways [redacted] sceptical of [redacted] local autonomy as [redacted] Thatcherite.

Messrs Gould and Blunkett persuaded [redacted] Kinnock and his [redacted] colleagues to accept [redacted] the Tories' injection of £4.5bn of VAT revenue into local government [redacted] not [redacted] reversed by Labour. I would not look to Mr Blunkett [redacted] keep a lid on expenditure, but, as [redacted] acknowledges, Labour has Mrs [redacted] Beckett, its shadow [redacted] secretary to the Treasury, to keep [redacted] a formidable politician, a potential minister to watch.

Labour scored [redacted] tactical victory on Wednesday, when it undercut the [redacted] in [redacted] blatant [redacted] the cheap [redacted] produced [redacted] flurry of political equations. Never mind whether they are solvable; Labour got in first. [redacted] the same [redacted] it produced a highly professional-looking manifesto,

### One jolly idea requires 'senior managers to spend time doing front-line jobs – like delivering meals-on-wheels'

setting [redacted] policies for [redacted] remit and structure of local government. [redacted] floundering. They have no policies.

The Labour proposals for financing [redacted] government [redacted] complicated to [redacted] perfect, but they contain one [redacted] they have [redacted] greater understanding [redacted] problem [redacted] Conservatives. [redacted] them, [redacted] be locally set, although [redacted] government would maintain [redacted] control [redacted] unsustainably heavy loading on [redacted] against [redacted] ratepayers. This [redacted] an important [redacted] locally-generated [redacted]enue. The Conservatives shy [redacted] from abandoning the centrally-determined uniform business [redacted] – "while [redacted] ing from Dunkirk [redacted] Calais," [redacted] senior minister. The [redacted] new Tory [redacted] will be [redacted] highly geared as the community charge. Every [redacted] pound of spending will go straight [redacted] the local tax. The inevitable [redacted] come, Treasury officials believe, [redacted] that bills under the new Tory tax, whatever it turns out to be, will soon eat up the £140 poll [redacted] rebate announced in the Budget, and climb on from there.

Labour also has [redacted] clear proposal for improving accountability: annual local elections, plus a beefed-up Audit Commission, to be called the Quality Commission. The party spoils it by planning [redacted] pack [redacted] with gender- and ethnically-chosen commissioners, rather than simply the best persons for the job. But local authori[redacted] would [redacted] required to introduce customer contracts specifying [redacted] service and [redacted] compensation if a contract was not [redacted]. The government has [redacted] this in [redacted] and [redacted] examining it carefully.

Like the Conservatives, Labour favours the abolition of counties; like them it [redacted] careful [redacted] talk [redacted] "extensive con[redacted]" [redacted] local determina[redacted] of the new structure. [redacted] Labour knows where it stands; the cabinet [redacted] still debating whether [redacted] indicate [redacted] preferred options in a consultative paper that [redacted] or may not [redacted] the [redacted] after next. Mr Kinnock's party favours the establishment of regional authorities, which the [redacted] not [redacted] mention, and legal strengthening [redacted] local democracy by giving local authorities a statutory general power [redacted] act. There [redacted] bright ideas; the [redacted] that would add most [redacted] the jollity [redacted] life is "a requirement for [redacted] managers [redacted] spend [redacted] doing front-line jobs – like delivering meals-on-wheels".

True believers in local democracy would [redacted] more easily reassured by the Liberal Democrat proposals, which include a written constitution, proportional representation, and [redacted] income [redacted] But Labour's proposals do promise some genuine decentralisation [redacted] their overriding [redacted] are unconvincing [redacted] control. In normal circumstances that would rule them out of court, if it were [redacted] that the [redacted]ment, in attempting [redacted] use the poll tax [redacted] local authori[redacted] act prudently, has turned out to be the most profligate spender [redacted] taxpayers' money of them all.

# LETTERS

## Market power not solely in hands of British Gas

*From Sir Denis Rooke.*

Sir, As a former chairman of British Gas I found your leader "Competition in the gas industry" (April 4) misleading in giving the impression that British Gas had impeded the flow of gas from offshore to potential customers and therefore that a radical extension of regulatory control was necessary to overcome current deficiencies.

You refer to the 90/10 ruling of the Monopolies and Mergers Commission as though that had limited the flow to the potential competitors to British Gas. But surely you must be aware that in the period since the ruling was made, some 40 per cent of the new gas contracted has gone to independents. And further that about 3,000m therms. per year has been committed by them to the power generation market.

You also repeated without comment the statement by Mr McKinnon that the competition has captured only about 2 per cent of industrial gas sales. But had that new gas been directed to the existing industrial gas market by the independent sellers it would have represented some 85 per cent of firm contract sales or more than 40 per cent of all sales both firm and interruptable. It was the free choice of the independent competitors to serve the growing electricity generation market and no blame, nor requirement for more stringent controls on British Gas, should stem from the results of their action.

I am pleased that you gave support to the import of further quantities of natural gas from Norway, but am disappointed by your lack of objectivity in general in commenting upon gas.

Denis Rooke,
*1 Great Cumberland Place, W1*

## Clairvoyance a beguiling trade

*From Mr W. Grey.*

Sir, The "IMF sees steep fall in world growth to 1.4 per cent" in 1991 (April 10) – not, mark you, 1.3 per cent, let alone a vulgar 1.5, but 1.4 per cent precisely. This compared with an estimated 2.3 per cent last year, and a projected 2.8 next year, while last September the IMF's prediction for this year had exceeded its latest attempt by a full percentage point.

Can clairvoyance, presented thus, be more beguiling? Or can forecasters, when dealing with uncertain quantities, be persuaded to drop such spurious accuracy in favour of more credible roundings to the nearest half, or at most quarter, percentage point only?

Their already stunning productivity then (if that is what counts) could become more prodigious still.

W. Grey,
*12 Arden Road,*
*Finchley, N3*

## No such thing as a free lunch for education

*From Mr George Bernard.*

Sir, How [redacted] to read in [redacted] same issue of the FT (April 6-7) Andrew Adonis's report of yet more Conservative party plans to persuade universities and polytechnics "to cut costs and take more students" ("Clarke seeks top marks for education policy") and Rachel Billington's remarks, in a book review, that "one-to-one education (or even one-to-four or five) is quite the [redacted] of imparting [redacted]ledge." ("Forever the underdog").

Small-group teaching has long been [redacted] distinctive feature of British higher education. But it is already being undermined by government policies and it will be gravely threatened by any intensification of them. Giving plenty of attention to students as individuals – for example, by reading and annotating the essays they write – is labour-[redacted]. For that reason, the only way in which numbers of students can be raised while costs are cut is by increasing class sizes and by diminishing the provision of individual guidance by lecturers, whose own opportunities for learning – or research – are also likely to be reduced in such circumstances.

If increasing incentives to colleges to cut costs means reducing their funding, then academics will again have to devote more of their energy to committees working out how to survive with diminished resources, rather than getting on with their primary duties of teaching and research.

It is sad to see that the Conservative party still fails to grasp the nature of higher education. In teaching and in research, productivity cannot be raised except at the expense of quality. To suppose that more and more students can be well-educated in universities and polytechnics for less and less money is to believe in a free lunch.

George Bernard,
*Department of History,*
*University of Southampton,*

## Insurance industry reluctant to acknowledge EC

*From Mr Michael N. Russell.*

Sir, Your article "Brussels opens door to let Cinderella industry come in from the cold", (April 8), on the liberalisation of the insurance industry strikes a nerve.

I spend a lot of time in Brussels (on a project for the Commission, ironically enough) and go there from the UK for a few days a couple of times a month. I find it convenient to travel by car but have recently discovered a reluctance by British insurers to provide me with "green card" cover for more than a limited amount of time.

Eagle Star, which has provided me with motor insurance for some years, did sell me a six-month green card but is showing great unwillingness to do it again, although my broker is trying hard to negotiate it.

My impression that insurers have not heard of the EC or the approach of 1992 is confirmed by your report that Mr Michael Butt of Eagle Star has been complaining about French insurers eroding his market. Perhaps Mr Butt should look to his own company's activities and become a bit more competitive. Meanwhile, if any French insurer wishes to offer me the cover I need, I would be glad to hear from him.

Michael N. Russell,
*14 Church Street,*
*Tollesbury, Essex*

## Management training crucial for UK businesses

*From Prof Neil Hood.*

Sir, I was encouraged to read of the emphasis which several of the contributors to the "Management Education and Training" survey (April 9) placed on the need for a broad basis for business training within the context of an MBA and similar qualifications. Provided that [redacted] is good grounding in core business disciplines, there is a need for MBA curricula to go in that direction.

However, I am more concerned about management training and the need for a closer link between technological disciplines and general management training within the development programmes of many British companies.

Far too few companies are committed to training the best of their engineers and scientists to be good general managers. This is not a mistake which many of our leading competitors make, since they understand that the quality of that integration is a key to their competitiveness.

This gap in our practice has many consequences. It encourages, and is fostered by, vertical structures within which a broadening career move within the same company is often still regarded as certain to lead to professional death.

Another consequence is that there are still too many British board rooms within which those with the technological capability to understand and shape the direction of the business are unable to make a full contribution to policy and strategic debate because they are simply not well enough grounded in the disciplines of business. They create a vacuum which is usually filled by those [redacted] only [redacted] business, [redacted] contribution may [redacted] equally [redacted].

Neil Hood,
*professor of business policy,*
*University of Strathclyde,*
*Stenhouse Building,*
*173 Cathedral Street,*
*Glasgow*

## Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

FINANCIAL TIMES
Friday April 12 1991



# Moscow plans programme to woo investors

By John Lloyd and Leyla Boulton in Moscow

MR Valentin Pavlov, the Soviet prime minister, is expected shortly to unveil a programme to woo foreign investors to the Soviet Union by offering them large-scale concessions in oil, gas, timber and other primary industries.

Mr Vladimir Durasov, first deputy chairman of the State Planning Committee, said in an interview with the Financial Times last night that [illegible] expected the announcement today.

This emerged [illegible] fevered behind-the-scenes moves were under way to try to lay the foundation for a coalition government, at the heart of which would be an agreement between Mr Mikhail Gorbachev, the Soviet president, and Mr Boris Yeltsin, the Russian leader.

Mr Oleg Rumyantsev, leader of the Social Democratic Party in the Russian parliament and chairman of its constitutional committee, said Mr Gorbachev, in offering thoughts on [illegible] round-table and coalition government at a meeting earlier this week of the Federation Council, which groups the [illegible] of [illegible] republics, [illegible] moved towards the [illegible]

[illegible] flared across the Republic of Georgia yesterday, after a call on Wednesday by Mr Zviad Gamsakhurdia, the state president, for an all-out political strike.

[illegible] in Belorussia, meanwhile, said they had agreed to suspend industrial action which had closed 35 major plan[illegible] in Minsk, the capital and [illegible] cities, pending [illegible] today [illegible] strike committee [illegible] the Republican government.

The programme to be presented by Mr Pavlov would, according to Mr Durasov, offer concessions to foreign companies especially in the fields of oil production, and the gas, timber and non-ferrous metals industries.

"In the programme we have what we experienced in the 1920s – concessions to foreign corporations. The country is very rich in minerals and not just these. Given favourable conditions from both (Soviet and foreign) sides, this might give good results."

Mr Durasov said joint ventures which have in the past been the favoured medium for attracting foreign investment to the Soviet Union, had not worked. Free economic zones would still be pursued but were expensive and slow to take effect. "Why should companies not join forces and use the cheap energy resources of the Soviet Union for producing aluminium here," suggested the deputy state planning commission chairman. "It is very profitable."

Mr Durasov's view of a forced march to the market, organised from above, matches that of Mr Rumyantsev, who said democrats could be prepared "to support some future authoritarian reforms" which would be brought in by Mr Gorbachev and Mr Pavlov.

He said round-table talks leading to the formation of a coalition government would have as their centrepiece a deal between Mr Gorbachev and Mr Yeltsin, where the former would agree to appoint ministers from parties other than the Communists and non-party experts, while the latter would use his vast popularity to end the strikes.

Mr Rumantsyev added that there were fierce disagreements within the democratic camp supporting Mr Yeltsin about working with Mr Gorbachev. But Mr Rumyantsev pointed to the speech by Mr Yeltsin during the special Russian congress in which he explicitly committed himself to the round-table and coalition government strategy.

Soviet farewell, Page [illegible]

Boris Yeltsin: involved in feverish coalition activity

# India lifts Tokyo trade veto to get aid

By David Housego in New Delhi

INDIA [illegible] the blacklisting [illegible] Japanese companies [illegible] secure [illegible]gency financial assistance from Japan which will help it over its foreign exchange crisis.

The decision to remove the ban on Sumitomo, the diversified trading house, and four other companies accused of making kickbacks to win an oil pipeline contract was taken by the cabinet on Tuesday.

It came shortly before Mr Yaswant Sinha, the finance minister, flew to Tokyo seeking bilateral assistance over the risk of India defaulting on its commercial debts.

India's deteriorating creditworthiness was further demonstrated last week with an announcement by the Japanese [illegible] Research Institute, Japan's leading [illegible] rating [illegible], that [illegible] had down[illegible] to BBB. [illegible] rating [illegible] below [illegible]ment [illegible] which means that [illegible] lending [illegible] India [illegible] risk.

As a [illegible] downgrading, Japanese banks, [illegible] about two-thirds [illegible] India's commercial debt, [illegible] unlikely [illegible] make [illegible] loans [illegible] India.

In what is seen in part as an effort to prevent a similar downgrading by US credit agencies, Mr S Venketaraman, governor of the [illegible] Bank (central bank) flew to the US at the weekend.

US and European banks hold the bulk [illegible] the $3bn-$4bn [illegible] short-term [illegible] that India needs to continue to roll over if a default is to be avoided in the weeks ahead before the formation of a new government.

The government's decision to remove the blacklisting of Sumitomo and the four other companies depends on their accepting arbitration over allegations that they paid Rs65m in illegal commissions to Jyotsna, a company c[illegible] by Mr Lalit Suri, an Indian [illegible]

The four other companies involved in the Sumitomo consortium are Mitsui, Mitsubishi, Marubeni and C. Itoh.

All five are believed to have agreed to abide by arbitration in the dispute which involves a contract placed by the Oil and Natural Gas Commission and [illegible] Gas Authority [illegible]

[illegible] Japanese government had made it clear that they were not prepared to consider financial assistance while the ban on Japanese companies competing in future oil and [illegible] contracts remained.

[illegible] ban was imposed last year [illegible] the former National Front government of Mr VP Singh.

The World Bank and the Asian Development Bank have also insisted that Japanese companies be allowed to compete for oil and gas projects which they are helping to fund.

India was downgraded from BBB to BBB minus by Standard and Poor's, the US rating agency, on March 7. Moody's still considers Indian debt to be of investment grade - the [illegible]est rung, at BAA3 - but [illegible] rating is under review.

# Japanese trade surplus expands in March

By Stephen Fidler in Tokyo

JAPAN'S trade surplus expanded rapidly in March, the third successive month in which the surplus was higher than in the previous year.

The rise is likely to intensify worries within the Japanese government over the persistence of its trade surpluses in the face of political pressure to bring them down, particularly from the US government. However, Finance Ministry o[illegible] declined [illegible] increase as a trend.

The rapid expansion in the surplus came in trade with Asia and Europe. The surplus in the US, the figure to which the government is most sensitive, registered little change over the first quarter compared with a year earlier. This largely reflects the recession in the US and the more favourable economic conditions in Asia and continental Europe.

Seasonally adjusted, the surplus was $7.48bn in March, compared with $5.07bn in February. Unadjusted, the March surplus was the largest since December 1988 at $8.72bn, compared with $7.03bn a year earlier. For the first quarter, the seasonally adjusted surplus was $17.6bn, compared with $14.8bn in 1990.

In the Japanese fiscal year ended March 31, however, the surplus contracted to $54.59bn from $59.57bn.

In value terms, exports were up 14.1 per cent while imports rose 10.4 per cent. In volume terms, the rises were smaller: 4.0 per cent and 9.1 per cent.

However, the March surplus would have been higher but for high oil imports ahead of a tax to be enforced from the start of this month. Underlining the weakness of the US economy, the volume of car exports there fell significantly in March.

Economists are divided over the longer-term trends. Mr Russell Jones of UBS Phillips [illegible] Drew [illegible] the rise in the surplus is due [illegible] export strength following last year's yen weakness, [illegible] by valuation effects caused by a yen that has risen significantly in the first quarter. These will ameliorate later amid a global economic slowdown. On the other hand, Mr Paul Summerville of Jardine Fleming says the numbers "are further confirmation that Japan's trade surplus is set to explode".

**Better US inflation figures and a fall in retail sales in March were seen yesterday as improving the chances of a further easing of monetary policy in Washington. But the Federal Reserve will closely analyse today's consumer price figures and other indicators of economic trends before making a decision on interest rates. The US Labour Department said the producer price index for finished goods fell by 0.3 per cent last month. The closely-watched "core" producer price index, which excludes food and energy, rose by 0.2 per cent. This came as a relief after increases of 0.5 per cent and 0.4 per cent in January and February.** *Further details, Page 3*

# Attacks on Major rouse backing from party

By Ivo Dawnay, Political Correspondent, in London

SENIOR members of Britain's ruling Conservative party rallied to the defence of Mr John Major, the prime minister, yes[illegible] the opposition Labour party seized on fierce criticism of the prime minister by the anti-federalist Bruges Group.

Capitalising on the furore, Mr Neil Kinnock, the Labour leader, sought to link the group's accusations of "wobbling" and "gesture politics" over the Kurdish crisis to the Tories' failure to produce consultation papers on reform of local taxes.

In a [illegible] attack, Mr Kinnock repeated his call [illegible] a June general election and described Mr Major as a "dilettante."

He said: "It is within his power to get a grip. I hope for the country's sake that he does. But [illegible] long as [illegible], he can expect the kind of attack that he has been subject to from people within his own party."

[illegible] politicians linked with the Bruges Group [illegible] yesterday scrambling to dissociate themselves from a withering critique of the prime minister published by two of the group's [illegible] on Wednesday night.

Mrs Margaret Thatcher, honorary president of the group, which exists to promote her opposition to European unification, was among the first to disown the charges.

She made clear she had no prior knowledge of the statement. "I thoroughly disagree with it," she said.

As Conservative Central Office maintained a stony silence, backing for the prime minister was volunteered by a number of other prominent European sceptics, including Mr Norman Tebbit, the former party chairman.

Tory supporters of the Bruges Group acknowledged that its credibility as an influential voice on the Thatcherite right had been undermined.

The uproar has nonetheless come as a new setback to the Tories in a week that has seen the party wrongfooted at the launch of its local government election campaign and Labour take a four point lead in an opinion poll.

Yesterday, Labour stepped up the pressure by demanding immediate publication of consultation documents on local taxation. An open letter from Mr Bryan Gould, Labour's environment spokesman, to the prime minister accused the government of "refusing to come clean" on its plans for local government finance.

● The government is examining the option of a fullblooded return to the former rating system, based on property prices, leavened only by a deduction for single-person households, it emerged yesterday.

Attack may be rued, Page 6

# Kurdish refugees

Continued from Page 1

into the situation of the Shias in southern Iraq.

Britain yesterday maintained that the plan still had a chance of international acceptance. Officials recognised that the outcome of Mr Suy's, mission would be crucial [illegible]mining whether the Major plan could win general approval. However, in British eyes, the mission itself could be the first step towards the implementation of the plan.

The view in London is that, after the completion of his mission, Mr Suy could leave some members of his delegation on the spot. They could provide "an embryonic network" for ensuring the security of the Kurdish refugees in northern Iraq within a determined area.

[illegible] appeals for greater international aid for [illegible] victims and refugees in Iraq, Kuwait and neighbouring countries were launched in Geneva yesterday.

Prince Sadruddin Aga Khan, newly appointed to head the UN relief effort, asked for $178m [illegible] finance food, health and energy needs inside Iraq for the next three months.

# UK rejects plan for splitting train and rail track ownership

By Richard Tomkins, Transport Correspondent, in London

UK government ministers have ruled [illegible] the possibility of separating the ownership [illegible] Britain's railway tracks from the operation of its trains.

A [illegible] working on plans [illegible] privatisation [illegible] British Rail is moving [illegible] radical solution which would involve splitting the railway into companies [illegible] on BR's five existing [illegible] – InterCity, Railfreight, Regional Railways, Network SouthEast and Parcels – and selling them piecemeal.

The rejection of [illegible] split between track ownership and train operation will come [illegible] disappointment to [illegible]

Under this system, all the [illegible] would have been owned by a national track authority and train operators would have been [illegible] compete with each other by offering rival [illegible] its lines. Mr Malcolm Rifkind, transport secretary, has ruled this out because a single [illegible] authority would [illegible] too large and [illegible] powerful a monopoly.

Track [illegible] typically [illegible] for about [illegible] of running [illegible] rail service, and Mr Rif[illegible] believes train operators could not run their companies efficiently with so little control over such a high proportion of their costs.

Instead, ministers plan [illegible] inject competition into [illegible] railways by ending [illegible] effective monopoly over rail services [illegible] giving [illegible] operators right of access to the network.

The gov[illegible] will help [illegible]trants compete by requiring BR and its privatised successor bodies to identify track costs separately from their train running costs [illegible] to [illegible] other operators' trains th[illegible] prices [illegible] own.

Conclusions are still [illegible] way [illegible] it seems likely that BR will be broken up into [illegible] units which will be privatised [illegible] they [illegible] profitable.

The [illegible] candidate will [illegible] Railfreight, a relatively simple and [illegible]tractive proposi[illegible] it owns little [illegible] own and already [illegible] good profits.

InterCity, which [illegible] makes modest profits, could be th[illegible] can[illegible] but ministers have not yet decided whether to sell it as a single company with [illegible] large trunk route [illegible] or [illegible] smaller constit[illegible]

[illegible] SouthEast, at present [illegible] by the government, may later be sold as one large company, as three sub-regional compa[illegible] (Anglian, southern and north-western), or on [illegible] route-by-rout[illegible] basis.

Loss-making Regional Rail[illegible] will retain their government subsidies but [illegible] be invited [illegible] franchise to [illegible] them [illegible] basis of which company required [illegible] subsidy.

## WORLDWIDE WEATHER

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 18 | 64 | Berlin | S | 16 | 61 | Caracas | C | 31 | 88 | Faro | S | 21 | 70 |
| Algiers | F | 19 | 66 | Biarritz | S | 19 | 66 | Casablanca | S | 20 | 68 | Florence | S | 16 | 61 |
| Amsterdam | S | 20 | 68 | Bombay | S | 31 | 88 | Chicago | | | | Frankfurt | S | 17 | 63 |
| Athens | S | 18 | 64 | Bordeaux | S | 22 | 72 | Cologne | S | 18 | 64 | Geneva | S | 17 | 63 |
| Bahrain | C | 25 | 77 | Boulogne | F | 22 | 72 | Copenhagen | S | 13 | 55 | Gibraltar | F | 16 | 61 |
| Bangkok | F | 36 | 97 | Brussels | S | 21 | 70 | Corfu | F | 17 | 63 | Glasgow | C | 10 | 50 |
| Barcelona | S | 16 | 61 | Budapest | C | 13 | 55 | Dallas | | | | Helsinki | S | 11 | 52 |
| Beirut | - | - | - | Buenos Aires | C | 24 | 75 | Dublin | R | 12 | 54 | Hong Kong | C | 27 | 81 |
| Belfast | R | 9 | 48 | Cairo | C | 21 | 70 | Dubrovnik | C | 16 | 61 | Innsbruck | S | 15 | 59 |
| Belgrade | F | 11 | 52 | Cape Town | S | 22 | 72 | Edinburgh | C | 13 | 55 | Inverness | F | 14 | 57 |

THE LEX COLUMN

# Back to paying for pensions

Since the mid-1980s, one of the handiest ways open to UK companies to inflate their profits has been to cut their pension contributions. This has had the effect of a virtuous circle: the more employers save, the higher their profits and dividends. The higher the dividends coming into the funds, the more employers can save. The higher the growth in dividends and earnings, the stronger the bull market in equities. What happens if the process goes into reverse?

Last year, according to the firm of consulting actuaries R. Watson, the total return on the average UK pension fund was negative for the first time since 1974 to the tune of 10.5 per cent. In actuarial terms this is not directly relevant, because pension fund valuations are based on expected dividend streams rather than capital values. But it is a warning all the same.

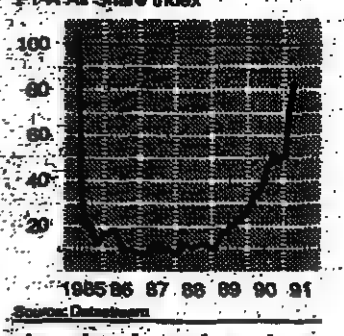
Actuaries generally assume that dividends will remain static in real terms. Last year they did better than that, with nominal growth of 10.5 per cent compared with 9.8 per cent inflation. Over the next couple of years, it is at least possible that dividend growth will fall below the rate of inflation. Add the unquantifiable costs to companies of the recent European Court judgment on equal pension rights for men and women, and the conditions for a vicious circle are in place.

In two respects, the risks are greater in this recession than in the last one. Over the decade, pension funds have come to own an increasing proportion of the UK equity market.

Their dependence on investment income rather than contributions has grown more rapidly again. The result [illegible] a gearing effect which makes the employer's liability for contributions much more sensitive to market movements. Against this is the fact that wage inflation on th[illegible] of a decade ago is scarcely conceivable within the ERM, [illegible] there is a limit to the growth in funds' nominal liabil[illegible]. But real growth in divi[illegible]s on the scale of the late 1980s is not conceivable either. If the days of the pension holiday are numbered, the market had better mind its eye.

**Micro Focus Group**

Share price relative to the FT-A All Share Index




Source: Datastream

## US economy

The latest statistics on the US economy are so divergent as to suggest a turning point. Unemployment continues to rise sharply and producer prices have fallen to an underlying annual rate of 3.7 per cent. On the other hand, retail sales seem stronger than expected after yesterday's revisions. Amid all this the Federal Reserve, plagued by rumours of dissension in its own ranks, is playing a neutral game. Just possibly, there will be a rate cut with today's consumer price figures. Otherwise the markets may have to settle for the long haul.

There is no expectation of substantial rate cuts, at least if the behaviour of the dollar and the long bond is to be trusted. Nor is renewed tightening at all likely at this point in the cycle. The result is that Wall Street, rather like the UK market, risks drifting into a kind of limbo. The market is priced in relation to next year's earnings, the chief difference of opinion being whether there will be recovery as soon as this year's second half. For optimists and pessimists alike, poor economic data in the meantime would come only as confirmation of their position.

## Micro Focus

Not so long ago, the computer software company Micro Focus was one of those frustrating little stocks much [illegible] by recovery funds only to be sold again after [illegible] dull year. Yesterday's 1990 results emphasised how things have changed: pre-tax profits up 65 per cent, sales up by [illegible] third and the cash pile at £20m. The shares, which took five years to reach £7, [illegible] more than doubled to over £15 in a few months, outperforming the All-Share index by 64 per cent this year. With capital growth like that, who needs [illegible] dividend?

An ADR programme from last year means [illegible]0 per cent of the shares are now held in the US, the result being [illegible] US-style rating. On forecast profits of £16.5m, the shares are on a p/e of 22. It may all end in tears, but not yet a while. The Workbench product has made Micro Focus the dominant player in US business language programming. The market is several years away from saturation, while Europe is a few years further back. The company is now turning its research spending to add-on products, while its link with IBM gives it a powerful ally. A new generation of computer chips is probably better viewed as an opportunity than a risk. Profits should continue to be boosted by unrealised tax losses.

In short, Micro Focus, like its rival software house Borland International, is on the sort of roll usually associated with wonder-drug pharmaceutical companies. Investors will doubtless be aware that, as with drug companies, the risk is that the market may lose sight of normal investment criteria.

## Gold

If gold could shake off its history, it would surely be better re-classified as an industrial commodity. Yesterday was just the sort of day when bulls of the gold price would traditionally have made their appearance. The US inflation figures might have been interpreted as a precursor to a weaker dollar, implying some much-needed relief for the depressed bullion market. Yet the price did precisely nothing. The signs are that the torpor could last many more months.

The problem boils down to simple lack of physical demand. There is some evidence that the supply side is responding; but so many producers are refusing to buckle under pressure that there is no real respite in sight. The forward selling routine which last year capped the price at around $400 now seems to operate at $365. Meanwhile, slower real income growth is expected to crush demand for jewellery to the extent that some dealers are talking about how many years it will take to [illegible] to 1990's record levels.

Until recently, the great yellow hope was the Soviet Union. The world's second largest producer has enough political and [illegible] problems to suggest it will not match recent output and could even dry up temporarily as a source. But this possibility is more than offset by the likelihood that the government would simultaneously be selling reserves in a desperate [illegible] to shore up the economy.

FINANCIAL TIMES

# COMPANIES & MARKETS





Friday April 12 1991

## INSIDE

### Insurance regulators seek protection for Executive Life

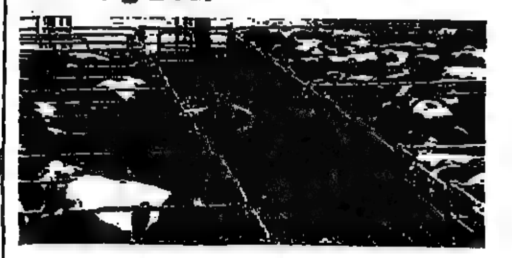
The [illegible] insurance regulators [illegible] yesterday that they [illegible] seeking a "court-supervised conservatorship" of [illegible] Life, one [illegible] the [illegible] operating [illegible] of First Executive, the troubled [illegible] Angeles-based [illegible] insurer, [illegible] Tait writes.

Mr [illegible] Garamendi, the Californian [illegible] Commissioner, said the [illegible] was being [illegible] to [illegible] Life [illegible] the hundreds of thousands [illegible] people who [illegible] their savings, many their life savings, [illegible] pany".

First [illegible] of [illegible] largest insurance [illegible] ever [illegible] in the US. The company [illegible] obligations [illegible] almost $50bn [illegible] present, [illegible] has been under intense scrutiny by the industry's regulators [illegible]

It [illegible] a leading [illegible] of Drexel Burnham Lambert, the now-bankrupt investment bank, in the [illegible] many [illegible] problems [illegible] from the [illegible] investments it made [illegible] junk bonds.

### EC's big beef



Disagreements over [illegible] year's EC farm spending [illegible] over the [illegible] plans [illegible] redesign [illegible] Common Agricultural Policy. To [illegible] worse, delay on [illegible] prospects [illegible] successfully concluding the Uruguay Round [illegible] liberalisation talks, [illegible] farm [illegible] David [illegible] at the arguments fuelling the [illegible] Page 24

### Go tell it on the Street

Wall [illegible] shy of selling [illegible] and, if [illegible] quarter of [illegible] year is anything [illegible] go by, it has a lot to [illegible]. The volume [illegible] on the big exchanges rose sharply while [illegible] values shot up. The sparkling performance has [illegible] spirits following large-scale [illegible] in [illegible]. But the blood-letting is [illegible] over, warns [illegible]. Page 17

### Less sterling for Sterling

Lord [illegible], the chairman of the P&O shipping, transport, building and services group, [illegible] a pay [illegible] of 14.2 per cent last year [illegible] ($688,000), excluding pension [illegible]. P&O has a policy of performance-[illegible] pay throughout the group, and [illegible] remuneration [illegible] earnings per share. In 1990, its earnings fell [illegible] per cent and after pre-tax profits [illegible] per cent lower. Page [illegible]

### Nat-Ned profits slip 7%

Nationale-Nederlanden, [illegible] Dutch insurer [illegible] merged [illegible] month with [illegible] the Netherlands, reported [illegible] 7 per [illegible] in 1990 [illegible] profit, [illegible] lower earnings [illegible] non-life insurance in Europe [illegible] dragging down higher [illegible] life insurance in [illegible]. Page [illegible]

### Market Statistics



### Companies in this section



### Chief price changes yesterday

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | Pinault | 370 | + | 15 |
| **Rises** | | | | Rhone Poulenc | 399 | + | 24 |
| Douglas Hldg | 750 | + | 12 | UAP | 589 | + | 10 |
| Sud Chemie | 628 | + | 23 | Uniball | 723 | + | 21 |
| **Falls** | | | | **Falls** | | | |
| AEG | [illegible] | – | [illegible] | [illegible] | 834 | – | 39 |
| Heidelb Zem | 1135 | – | 65 | **TOKYO (Yen)** | | | |
| Rosenthal | 292.5 | – | 24.5 | **Rises** | | | |
| Springer | 705 | – | 14 | Ihara Chem | 925 | + | 100 |
| **NEW YORK ($)** | | | | Kumiai Chem | [illegible] | + | 120 |
| **Rises** | | | | Meiji Machine | [illegible] | + | 97 |
| Advanced Micro | 12¼ | + | [illegible] | **Falls** | | | |
| BankAmerica | 37¼ | + | [illegible] | Fuji Fire | [illegible] | – | 100 |
| Chemical Bank | 18⅝ | + | ⅝ | Itoman | 630 | – | 40 |
| Morgan (JP) | 50¼ | + | 2⅞ | Tada | 1360 | – | 90 |
| Nabisco (RJR) | 11⅛ | + | ¼ | | | | |
| Southwest Bkg | 6⅛ | + | ⅞ | | | | |
| **PARIS (FFr)** | | | | | | | |
| **Rises** | | | | | | | |
| BIC | 780 | + | 9 | | | | |

New York prices at 12.30.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **LONDON (Pence)** | | | | Tyndall Hldgs | 50 | + | 5 |
| **Rises** | | | | Wellcome | [illegible] | + | 18 |
| BHH | 44 | + | 8 | **Falls** | | | |
| BP | 341½ | + | 8 | AB Elect. | 131 | – | 8 |
| Calor | 245 | + | 13 | [illegible] | 217 | – | 13 |
| Pilkington | 201 | + | 6 | BS | [illegible] | – | 17 |
| Pittard Garnar | 55 | + | 5 | Burmah | 586 | – | 14 |
| Robertson | [illegible] | + | [illegible] | [illegible] | 173 | – | 9 |
| Sanderson M.E. | 380 | + | 25 | Fitch RS | 53 | – | 7 |
| Stakis | 54 | + | 6 | Whitecroft | 170 | – | 30 |
| Swallowfield | 153 | + | 20 | | | | |
| TACE | 151 | + | [illegible] | | | | |
| TSB | [illegible] | + | 8 | | | | |

# SG Warburg to advise on BT sale

By Roland Rudd in London

THE GOVERNMENT has chosen SG Warburg Securities to mastermind the sale of part of its 48.6 per cent stake in British Telecom.

It is the first time that Warburgs has been chosen to advise the government in a significant flotation since the 1983 sale of British Petroleum.

The merchant bank was chosen because of its experience in worldwide equity sales and because of the [illegible]ved strength of its brokers, Rowe & Pitman.

It is understood that the Treasury liked the group's integrated approach to the sale. The government is planning to appoint more brokers and international advisers for the overseas markets by the end of the month.

As "global book-runner", [illegible] co-ordinator, the merchant bank will have more responsibility than any other main [illegible] in previous sell-offs.

The appointment caused some surprise in the City because Sir David Scholey, Warburgs' chairman, is on the board of British Telecom.

Although the bank is not formally advising the company, it has given advice to British Telecom on various deals throughout the year.

However, a Chinese wall will be erected between Sir David and the team selling the stake.

The Warburgs team will be led by two of the group's vice-chairmen, Lord Cairns and Peter Wilmot-Sitwell.

The government is expected to split the BT sale between the UK retail market and the rest of the world.

There will be a fixed allocation of shares targeted at individual British investors.

But unlike previous privatisations, UK institutions will have to take their chances along with their US, Japanese and continental European competitors in the allocation for "the rest of [illegible] world".

The Treasury [illegible] not yet decided how much of the government's [illegible] it wants to [illegible]. However, if it [illegible] to float the whole [illegible] – currently worth £11bn ($19.7bn) – it will be the biggest single sell-off ever in the UK.

The [illegible] of British Petroleum, at [illegible] (including a £1.5bn rights issue) is the largest to date.

Kleinwort Benson advised the government during the first stage of British Telecom's full privatisation in 1984.

In making its choice this time, [illegible] government believed [illegible] Warburgs was best placed to take on the big US houses which are already experienced in worldwide equity sales.

Warburgs was joint advisor to Air Canada when it was priva[illegible] in [illegible] and advised [illegible] Mexican government on the sale of its steel industry, Sidemex.

# Ford cuts dividend [illegible] car sales fall

By Martin Dickson in New York

FORD Motor, the US car manufacturer, yesterday followed the example of [illegible] General Motors and Chrysler and [illegible] its dividend, underlining the [illegible] problems [illegible] North [illegible] motor industry.

[illegible] a dividend payable on June 1 of [illegible] share, [illegible] 47 per [illegible] it [illegible] declared for the [illegible] nine quarters. General [illegible] cut [illegible] dividend by the [illegible] proportion, while Chrysler halved [illegible] pay-out. The [illegible] will [illegible] a year.

All three are suffering from a slump in US demand at a time of great manufacturing overcapacity, due to the build-up of US production by Japanese manufacturers.

Prices have been slashed and all three companies are expected to report large first-quarter losses in the next few weeks. In the fourth quarter Ford lost $516m and GM $1.6bn, while Chrysler made $31m.

Mr Harold Poling, Ford's chairman, said yesterday that the automotive industry was in "the midst of one of the toughest and most challenging periods it has ever confronted".

Analysts [illegible] industry's problems were hitting [illegible] finances particularly hard, because [illegible] middle [illegible] costly new product development [illegible]

Last month [illegible] company warned [illegible] substantial first-quarter loss and unveiled plans to cut costs by $3bn, including an early retirement programme for white-collar staff and some salaried lay-[illegible]

The industry had hoped that the end of the Gulf war would prompt a revival in demand. However, latest estimates of the Big Three's second-quarter production plans suggest they are now much more pessimistic.

Analysts expect them to make 17 per cent fewer cars in the second quarter than in the same period of 1990, with production sinking to its lowest level in more than three decades. Wall Street believes this level of output will translate into another quarter of losses.

Fitch Investors Service, one of the US rating services, said yesterday it had downgraded the senior debt ratings of Ford Motor Company and Ford Motor Credit Company to Single A Plus from Double A Minus. THe changes apply [illegible] $1.1bn [illegible] Ford Motor's rated [illegible] debt and $1.7bn [illegible] Ford [illegible] debt.

# ADT court case poses obstacle to Laidlaw

By Bernard Simon [illegible] Toronto

RESOLUTION [illegible] the lawsuit launched by Laidlaw against ADT [illegible] proving [illegible] stumbling block in [illegible] resolve differ[illegible] the Bermuda-registered security and [illegible] auction group and its 28.4 per cent [illegible] shareholder.

Although talks between ADT's chief executive Mr Michael Ashcroft and Laidlaw's president, Mr Donald Jackson, are continuing, Laidlaw is understood [illegible] reluctant [illegible] bury [illegible] without what one source termed an "honourable resolution" of the issues raised by last week's lawsuit in New York.

That includes allegations that the Bermuda-based company has created an "illusory [illegible] profits by moving assets between itself and affiliated companies.

The New York District court decides today as to whether Laidlaw's request for the "discovery" process, which leads to depositions from [illegible], should proceed [illegible] an accelerated pace.

[illegible] share price plummeted [illegible] the company reported late on Thursday an unexpectedly steep fall in earnings caused partly by its investment in ADT, and its own waste services and school bus operations.

Net earnings fell to $2.7m in the three months to Feb 28 from $60.3m a year earlier. ADT accounted for $20-23m of the drop.

At midday yesterday, the price of Laidlaw class B shares had slipped by 10 per cent on the New York stock exchange to $12.38. Laidlaw was the most heavily traded stock on both the New York and Toronto exchanges.

Mr Ashcroft attended a Laidlaw board meeting in Burlington, east of Toronto, on Wednesday evening, and joined other directors for dinner afterwards at a local restaurant. The ADT chairman is said to have taken little active part in the proceedings.

Mr Ashcroft then flew to the UK in advance of next weekend's London Marathon, which ADT sponsors.

Laidlaw's $17.8m income from continuing operations in the latest quarter was virtually wiped out by its $15.1m share of losses stemming from the sale of an unidentified ADT subsidiary.

The $54m write off taken by ADT on this sale came as a surprise to Laidlaw, and is understood to have contributed to the decision to launch last week's legal proceedings. Laidlaw is ADT's largest single shareholder, but has no direct representation on its board.

Laidlaw has progressively scaled down its estimates of second-quarter earnings, but had not prepared the investment community for what [illegible] analyst called [illegible] disastrous numbers."

Less than a month ago, it predicted a drop of only 15pc in second-quarter operating profit, and a halving of earnings per share. Earnings per common share were nil in the latest period, compared to 24 cents a year earlier.

Criticism is also levelled at Mr Jackson, who took over as chief executive on the retirement of founder Mr Michael DeGroote.

## Results boost hope for Wall Street investment banks

# JP Morgan hits $273m in first quarter

By Patrick Harverson in [illegible] York

JP Morgan, [illegible] big [illegible] banking group, yesterday unveiled first-quarter profits of $273m, largely [illegible] improvement in trading revenues following lower US interest rates and higher stock and bond prices.

The results, described by one analyst as "nothing short of spectacular", represented [illegible] 61 per cent [illegible] on [illegible] $169m [illegible] in the previous quarter. [illegible] large rise in income tax payments and operating expenses, however, [illegible] that first-quarter profits were almost a third [illegible] than the $399m earned in the first quarter of 1990.

The [illegible] from the bank, headed by Londoner Sir [illegible] Weatherstone, are clear evidence that the first quarter of 1991 will be a much-needed shot in the arm for Wall Street's ailing investment banks. After a [illegible] profits in the securities industry are expected to recover following the current bull market and the big jump in turnover on US stock exchanges.

The rise in income boosted JP Morgan's return on equity to 22.5 per cent, up from 16.3 per cent in the first three months of 1990. JP Morgan's shares jumped $3 to $60⅞ on the news of results.

The improvement in earnings and profitability was spread across the bank's range of activities. Trading revenue rose by $248m on a year ago to $461m, aided by lower US interest rates which put up bond prices and widened margins. This led to big returns on JP Morgan's trading [illegible] and foreign [illegible] securities, [illegible] foreign exchange, equities, commodities, and LDC (Less-Developed Countries) assets.

Net interest revenue grew from $264m in the same period of the previous year to $319m. Corporate finance fees rose by 23 per [illegible] $76m, and investment management fees were 7 per [illegible] higher [illegible] $74m.

The quality [illegible] the [illegible] debt, traditionally one [illegible] JP Morgan's strongest [illegible] again impressive, with provisions for loan [illegible] during the quarter totalling [illegible], unchanged from a year ago.

There [illegible] some black spots among the successes. A "realignment [illegible] foreign currency [illegible] rate exposures", [illegible] ming [illegible] a decision to dispose of [illegible] foreign [illegible] debt securities, resulted in [illegible] net loss on [illegible] securities. Sources in JP Morgan said the foreign exchange losses were incurred when the bank was caught out by the recent depreciation of the D-Mark.

[illegible] further $23m was lost on the disposal [illegible] some foreign currency-denominated swap instruments used by the bank in managing asset and liability positions. Operating [illegible] increased 29 per cent to $623m.

Mr Tom Hanley, [illegible] industry analyst [illegible] Salomon Brothers in New York, described the JP Morgan results yesterday as "the best quarter I've seen any bank post in the past two years".

However, he warned that JP Morgan would probably be unable [illegible] maintain the [illegible] earnings growth [illegible] first quarter. He said domestic interest rates were unlikely to fall as fast in the next three to six months as they did between January and March.

Tony Andrews

Sir Dennis: presided over a 'spectacular' increase at the bank

# AEG suffers net loss of DM205m

By Andrew Fisher in Frankfurt

AEG, the electrical [illegible] electronics subsidiary [illegible] Daimler-Benz, made a net loss of DM205m ($122.7m) last year as it struggled with problems in its office equipment and household appliance [illegible] and [illegible] aside large sums for product development.

The company increased turnover 7 per cent to DM13.1bn, with marked growth in rail systems, power transmission, and heavy electrical equipment.

New orders rose 2 per cent to DM14.2bn. The company gave no details of how the loss arose, but referred to the fast pace of technological change and tougher competition.

Factory automation and microelectronics outlays contributed to high research and development costs. AEG also spent heavily on building up business in east Germany and on training.

AEG's main area of concern is its Olympia office equipment division, based in Wilhelmshaven, the north German town where it is the main employer.

In 1989, Olympia lost DM166m. [illegible] company gave no figure for last year, but Mr Ernst Georg Stöckl, AEG's new chief executive, said Olympia's loss in 1990 was of "an unpleasant magnitude". AEG made losses in the appliance division, revamping its factory at Rothenburg, Bavaria.

Mr Hans-Joachim Pilz, an analyst at M.M. Warburg Bank in Hamburg, estimated that Olympia lost about DM200m in 1990, with AEG's total operating loss exceeding DM400m. He expected the net loss at AEG again to be about DM200m this year. As AEG received DM1.4bn in 1989 from the sale of activities to Daimler, the results for the past two years are not comparable.

AEG used the money for accelerated depreciation, stock write-downs, provisions, and to finance development spending. The company was left with a 1989 net profit of DM275m (DM27m), but said that it only broke even on its basic operations.

Background, Page 16

# Schneider targets Square D board

By George Graham in Paris

THE $1.8bn battle for control of Square D, the US maker of electrical distribution equipment, moved towards a showdown yesterday as Schneider, the French group bidding for the company, launched a campaign to oust Square D's board.

Schneider, which also makes electrical distribution equipment, said it was writing to ask shareholders to give it their proxy votes for an annual meeting on May 24, at which it will put forward its own candidates for the 11 seats on Square D's board.

Mr Didier Pineau-Valencienne, Schneider's chairman, said: "We are launching this proxy fight so that the shareholders of Square D can [illegible] last obtain the benefit [illegible] our offer."

Almost 69 [illegible] cent [illegible] Square D's shares – which [illegible] believe are now mostly in the hands of arbitrageurs – were tendered to Schneider's initial $78-a-share offer, which has been extended until this evening.

Despite what Schneider called "this most explicit message", [illegible] D [illegible] since the shares were tendered shown no inclination to negotiate.

The Illinois-based company is protected by measures designed to defend it against a takeover. It is registered in the state of Delaware – whose laws require [illegible] hostile bidder [illegible] reach 85 per cent of the capital before claiming victory – and has an additional poison pill in the shape of a "Stockholder Rights Plan" which triggers a capital increase if any shareholder passes 20 per cent.

Schneider's advisers, however, believe the weak point of Square D's defences is the shareholders' meeting – which has already been delayed a month, at which the current board could be ousted with only a simple majority.

Since Schneider launched its bid in February, the value of the dollar against the French franc has increased 11 per cent, making the bid potentially more expensive for the French company.

# Nat-Ned depressed by drop in non-life earnings

By Ronald van de Krol in Amsterdam

NATIONALE-Nederlanden, the Dutch insurer which merged last month with NMB Postbank of the Netherlands, reported a 7 per cent decline in 1990 net profit. Lower earnings on non-life insurance in Europe and the US dragged down higher results from life insurance in the Dutch market.

Net profit fell from a record Fl 973m in 1989 to Fl 900m ($475.93m) in 1990, a level which Nat-Ned had predicted when it lowered its profit forecast in August. Revenue increased by 2.4 per cent to Fl 23.2bn, with premium income up 1.9 per cent and investment [illegible] up [illegible] per cent.

[illegible] said [illegible] currency movements had depressed net profit by Fl 31.2m and revenue by Fl 1.56bn.

The company declined [illegible] make a prediction for 1991, [illegible]ing only that it faced [illegible]tainties [illegible] its biggest non-life insurance markets.

Nat-Ned's total dividend for 1990 will be Fl 3.10 compared with Fl 3.00 in 1989. The company has already paid two interim dividends of Fl 1.50 and Fl 1.60 and will therefore not be making any further payments on 1990 results.

Non-life insurance plunged into a loss of Fl 51.2m from a profit of Fl 155.6m, reflecting a downturn across a broad front. In north-western Europe, [illegible] hit by claims arising from [illegible] winter [illegible] in January and February and by difficulties on the London marine and aviation insurance markets.

By contrast, pre-tax profits on life insurance rose by 15.6 [illegible] Fl 541.9m, thanks mainly to higher results in the Netherlands, Nat-Ned's single most important market. Life insurance profits fell slightly in North America and Australia. Elsewhere, life results showed an improvement due to a narrowing [illegible] start-up [illegible] in green-field operations in Spain, Taiwan, Korea and Japan.

Overall, pre-tax profits on insurance fell by 20.5 per [illegible] to Fl 525.2m, while profit on investments and other activities rose by 10.3 per cent to Fl 645.8m to produce total pre-tax profit of Fl 1.17bn, down 6 per cent from a year [illegible]

# Havas 18% rise meets forecast

By George Graham in Paris

HAVAS, the leading [illegible] advertising and [illegible] group, has [illegible] earnings fore[illegible] with [illegible] in net profits last year [illegible] FFr1.15bn [illegible]

Mr Pierre Dauzier, Havas chairman, [illegible] 1990 had been [illegible] good [illegible] the [illegible], although growth had slackened considerably in [illegible] of [illegible] operations since November.

Earnings [illegible] strongly at Information [illegible] Publicité, the 91 per [illegible] owned subsidiary which sells advertising [illegible] in magazines and [illegible] and radio [illegible] as well as at [illegible] d'Annonces, [illegible] per cent owned division which [illegible] France's yellow [illegible] telephone directories.

CEP Communication, the publishing and [illegible] group of which Havas owns 35 per cent, advanced by 12 per cent, while Canal+, the pay [illegible] company of which [illegible] has [illegible] per cent, has reported a 20 per cent increase in net profits.

Havas was more prudent in its comments on Avenir Havas Media, the [illegible] and [illegible]sheets company in which it has just increased its stake to 56 per cent, and on Eurocom, its main advertising affiliate.

Mr Dauzier [illegible] nue – covering only fully [illegible]solidated companies and therefore excluding Eurocom, CEP, Canal+ and CLT – totalled FFr3.76bn in the first two months of 1991, 21 per cent higher than in the same period of last year but only a 6 per cent advance on the basis of comparable structures. Business in France had fallen, although there were now signs of a moderate recovery, but in Havas's overseas divisions it had risen by 42 per cent.

He declined to forecast 1991 earnings before a meeting with financial analysts on May 23, but proposed a 20 per cent increase in Havas's dividend to FFr6.90 a share.

# Dresdner Bank holds dividend

DRESDNER [illegible] yesterday announced [illegible] maintained [illegible]dend of DM12 [illegible] said it was increasing the amount transferred to its parent bank reserves to DM400m ($238.3m) from DM120m, Andrew Fisher reports from Frankfurt.

Dresdner, Germany's second largest commercial bank, also said it had sold a 5 per cent stake in Heidelberger Zement as part of its policy of reducing its industrial holdings.

# Volvo [illegible] Procordia majority

By Robert Taylor in Stockholm

VOLVO, [illegible] motor group, [illegible] become the majority shareholder in Procordia, the state affiliated pharmaceutical and food [illegible].

Mr Christer Zetterberg, Volvo's president and [illegible] executive officer, in a message to [illegible] company's Swedish workers, said [illegible] would [illegible] possible if the non-Socialists win the general election due in September and embark on their plan [illegible] privatise the [illegible] industry [illegible].

In December [illegible], [illegible] acquired 42 per cent of the voting [illegible] and [illegible] of the equity in [illegible] state-controlled Procordia company in a complex business deal valued at SKr23.8bn ($3.93bn at current rates).

At present, the state holding company Fortia has a 46 per cent voting stake and 39.2 of the equity in Procordia.

# Dowty Group to make more job cuts

By Charles Leadbeater, Industrial Editor, in London

DOWTY Group, the UK aerospace components manufacturer, yesterday announced plans for a further 1,300 job losses this year in the wake of its warning that 1991 may see pre-tax profit down about 25 per cent down on last year's figure of £85.4m ($152m at current rates).

The cost-cutting will bring job losses at the group since March 1990 to 2,500, about 17 per cent of its worldwide workforce. Most of the job losses, which will be spread between divisions, will be in the UK.

Dowty has become one of the British groups worst affected by the combination of lower defence spending and recession in the UK and the US. The profits warning comes only [illegible] day after Smiths Industries, the company Dowty [illegible] most often compared with, announced new orders from [illegible] US which may be worth $700m in the next decade.

The company plans to leave some business areas altogether [illegible] well as cutting costs. It will take an exceptional charge of £4m for redundancies and a £15m extraordinary charge below the line to cover business closures.

Dowty's warning of a 15 per cent to 20 per cent fall in operating profits, the exceptional charge, and a 44 per cent rise in interest payments is a marked reassessment of its prospects.

Last August, the group was predicting that the reduction of its aerospace division's dependence on defence would allow it to avoid job losses.

In December, when it reported flat pre-tax profits [illegible] £37m for the first half of [illegible] year, Mr Tony Thatcher, [illegible] group's chief executive, said that the group was steadily belt-tightening.

Mr Reginald Moore, Dowty's finance director, said the planned restructuring emerged from a review of the outlook for the group. Orders for military aircraft such as the Tornado are declining just as production schedules [illegible] small civil [illegible] such as the Fokker 50 are being cut back.

# A hard corner to round for AEG

**Andrew Fisher** on the electrical group's path towards profitability

AEG has been about to turn the corner for so many years now that its promises are starting to look rather jaded.

When it was bought by Daimler-Benz as part of the motor group's diversification in 1986, the electrical and electronics company was still recovering from near-bankruptcy. In 1982, it made an operating loss of DM932m and had to seek protection from creditors; it was DM6bn in debt.

AEG has long since hacked its way out of that financial tangle. It has sometimes shown a profit, but at nothing like the level which its turnover would justify. The net loss of DM205 announced yesterday for 1990 shows that it still has some way to go.

"The rehabilitation of AEG is still not complete," says Mr Hans-Joachim Pilz, an analyst at M. M. Warburg Bank [illegible] Hamburg. Moreover, he expects the [illegible]s to continue this year, [illegible] Olympia typewriter [illegible] equipment company remains in the [illegible] and AEG invests heavily in its automation technology and microelectronics activities.

Since the start of this year, a new man has headed AEG. He is Mr Ernst Georg Stöckl, 46, who has seen service with Daimler in Spain and South Africa and [illegible] previous job in the group was as the head of Freightliner, its US truck subsidiary.

Mr Stöckl speaks with affection of the big vehicles built by Freightliner, which he made considerably stronger during his two years there. At AEG, however, his task is very different. Its goods range from washing machines to cables. They include locomotives, office equipment and factory automation systems. It has also moved into vehicle electronics.

Making sense of all these activities is [illegible] for AEG employees. One of Mr Stöckl's tasks will be to convince the rest of Daimler that AEG is not just swallowing the profits of the profit-makers, like Mercedes. He also aims to lift the morale of AEG's managers, who are uneasily conscious of how they are sometimes regarded within the rest [illegible] the group.

Ultimately, he will have to see that AEG delivers on the promise which Daimler saw when it bought AEG. Under [illegible] predecessor, Mr Heinz Dürr, now in charge of [illegible] railways, AEG made strenuous efforts [illegible] improve its finances, develop its competence in such areas as automation, and build up [illegible] electronics expertise [illegible] enhance the vehicle, aerospace and other activities of Daimler.

But after Mr Durr's 10 years at the helm, the first few devoted to survival, the company is still leaking badly. Its Olympia office division has been a heavy loss-maker in a tough market and hard decisions will have to be made. Mr Stöckl is cautious about expressing what AEG has in mind. But Mr Edzard Reuter, the group chief executive of Daimler, has no such inhibitions: he says the decision has been taken to sell a majority stake in Olympia to a new partner – it is holding talks – "or to close it down".

AEG has got to grips with the production problems of its appliance division, which came unstuck [illegible] introducing an advanced [illegible] cooker range with variations for all European markets at the same time as it modernised the whole factory. Mr Stöckl reckons that partners could eventually be sought in this sector.

On [illegible] basic electrical components and power transmission side, AEG is in good shape. "This is [illegible] cornerstone of the AEG building," says Mr [illegible]. AEG is developing the sector, for which it sees a big future [illegible] east Germany.

The efforts to build up the [illegible] automation division [illegible] proved expensive for AEG. Thus in coming [illegible], Mr Stöckl [illegible] partnerships may also be sought here.

Whichever direction Mr [illegible] follows, it is clear that he will need all the aggression he intends to instil into his [illegible]. But [illegible] will [illegible] have [illegible] be tempered with diplomacy [illegible] the [illegible]tegration into Daimler [illegible] taken further.

# Micro Focus lifts earnings again

By Alan Cane in London

MICRO FOCUS, [illegible] Berkshire-based computer software house, yesterday announced substantially increased sales and earnings for the third year, confounding City of London critics who doubted both its business strategy and its staying power.

The share price closed in London at a new high for the year of £15.23, an increase of 25p on the day. This [illegible], it has risen from just under £8 [illegible] the beginning of April.

From June last year, US resi[illegible] and organi[illegible] have been able to trade Micro Focus [illegible] in the form of ADRs. Aggressive buying by US investors is believed to account for the rapid rise in the share price.

Profits before [illegible] £13.5m ($24.02m), an increase of 64 per cent on the previous year. Sales, at £46.4m, were 30 per cent higher than the £35.6m recorded in 1989.

Earnings per share were 67.1p, an advance of 70 per cent on 1989. The company does not pay a dividend, in line with many US software houses.

The company had net cash of £20.2m at the end of the year, but Mr Paul O'Grady, the chairman, said there were no plans for growth by acquisition.

Yesterday he announced the disposal, for £751,000, of the company's 54 per cent stake in Softwright Systems, [illegible] small computing [illegible] company. Softwright Systems [illegible] slightly [illegible] than [illegible] in 1990 and made a slight loss.

The City has remained suspicious of Micro Focus since the early [illegible] the [illegible] price halved in a day after a spectacular collapse in pre-tax profits. The company stuck to its product strategy, however, and continued to [illegible] heavily in research and development and is now reaping the benefit.

More than half its sales are now in the US, where its role [illegible] a supplier of packaged software [illegible] better [illegible]stood than in Europe. Its historic p/e [illegible] is more typical of a US than a European software house.

It makes software tools which make it easier for programmers to develop programs in Cobol, the oldest commercial programming language but one which refuses to yield to more modern alternatives.

Mr O'Grady reckons there are at least 1m Cobol programmers worldwide who could benefit from Micro Focus's revolutionary "Workbench" product, and [illegible] software systems the company is developing.

It has been building a strong relationship [illegible] IBM, the world's largest computer manufacturer and provides Cobol products for its PS/2 personal computer range; it is expected shortly to become [illegible] business partner for IBM's proprietary software engineering system.

Analysts are impressed by these indications that the company's success is well founded and [illegible] marking in pre-tax profits of [illegible] for 1991.

# Daimler [illegible] defence sales and orders fall

DAIMLER-BENZ, the German motor and engineering group, expects a drop [illegible] defence technology sales and orders this year at its Deutsche Aerospace (Dasa) subsidiary due to budget cuts at the Bonn Defence Ministry, writes *David Marsh* in Bonn.

Mr Gerhard Jäger, the Dasa board member responsible for military activities, said that about 1,000 jobs would [illegible] year from the defence technology division, currently employing about 16,000 people.

Defence technology turn[illegible], which totalled DM3.2bn last year, would [illegible] fall short of the target of DM3.3bn ($2bn).

Incoming orders in 1991 were likely to decline to DM3bn or less, compared with the [illegible] targeted DM3.3bn and last year's DM3.25bn.

Dasa is relying on the German government going ahead with the four-nation European [illegible]ter Aircraft, currently [illegible] through the development phase.

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## INTERNATIONAL COMPANIES AND FINANCE

# Things are looking up on Wall Street

**Patrick Harverson** finds confidence growing among firms after the traumas of 1990

THE television advertisement, filmed in grainy black and white, features a bespectacled man standing on a street corner quietly explaining to a group of sober-suited colleagues that his company measures success "one investor at a time".

This is Wall Street selling itself to the American investor, 1991-style. The ad, for broking house Dean Witter, projects an image of conservatism and financial probity, and is aimed at persuading investors that it is safe to entrust their money to the US securities industry.

Although selling by television is not a new idea for securities firms, the proliferation of new ads – other brokers with television campaigns include Merrill Lynch, Paine Webber, Smith Barney Harris Upham, and Shearson Lehman Brothers – suggest the industry is recovering its confidence after the [illegible] of 1990, which by most measures was the darkest year in its history.

In the wake of a strong performance by securities markets in the first quarter of this year, Wall Street has the right to feel more confident about [illegible] future.

The numbers from the first three months of 1991 make impressive reading. The volume of stocks traded on the big exchanges – a key determinant of profitability for [illegible] – [illegible] sharply in the quarter.

On the New York [illegible] Exchange, turnover averaged 193m shares a day, up 23 per cent on volume for the whole of 1990. On the secondary, Nasdaq market, volume averaged a record 161m shares a day in the first quarter, up from 131m shares a day in 1990.

As volume has increased, so have stock values. During the first quarter, the Dow Jones Industrial index climbed 10.6 per cent, the Standard & Poor's 500 rose 13.6 per cent, and the Nasdaq composite index jumped a record 29 per cent.

Heavier volume and higher share prices mean bigger commissions and improved earnings for Wall Street firms. "The first quarter of 1991 should show vastly improved industry profitability," said Mr George Monahan, of the [illegible] Industry Association.

Showing [illegible] improvement in earnings, however, [illegible] not difficult given [illegible] losses seen during [illegible] at many of Wall Street's big firms.

A good part of those losses stemmed from radical cost-cutting programmes and large write-downs undertaken by an industry desperate to tackle the overstaffing and overcapacity that grew from the excesses of the mid-1980s. More than 50,000 jobs are estimated to have been lost on Wall Street since the 1987 stock market crash, reducing the total employed in the industry to 210,000.

Although the industry may be leaner and fitter, the blood-letting is not over, with the more pessimistic observers predicting that another 25,000 jobs will be lost this year. Mr Bill McIntosh, a managing director at Salomon Brothers, said: "The quarter has been real nice, but we still have our share of overcapacity problems on Wall Street."

That is why [illegible] names in the [illegible] Shearson Lehman, Merrill Lynch, [illegible] Webber, Prudential-Bache (now [illegible] Prudential Securities), Security Pacific and Morgan Stanley, took on big restructuring charges in the past year in the process of scaling down their operations, laying off staff and withdrawing from unprofitable business.

Firms remain committed to tackling costs, in spite of the improved outlook. Mr Jerome Kenney, executive vice-president at Merrill Lynch, said: "We've pledged not to veer off our programme of fixed cost reductions, on the basis that the fundamental imbalances in the industry have not totally been corrected yet."

Of the jobs lost, most have been from the frontline – the sales people, analysts and investment bankers. Now attention has been switched to the back office, where firms feel they can save money by streamlining, or merging, their clearing, settlement and processing operations.

[illegible]-cutting measures have helped improve balance sheets, but a more positive contribution to stronger earnings this year has come from the underwriting business.

Dormant during most of 1990, the underwriting of new stock and bond issues by securities firms is on the increase. In the first quarter of 1991, the volume of new stock and bond offerings soared 36 per cent to a record $104.5bn.

Higher share prices and lower interest rates lay behind the increase in new issues. Companies have been hurrying to the market with new stock to catch the market rally while it lasts, and corporate treasurers have been issuing paper while borrowing costs are on a downward trend.

The improvement in underwriting business has not been confined to the home market. The volume of new issues in the Eurobond and international equity markets was $68.1bn in the first three months of this year, a 40 per cent increase on the first quarter of 1990.

Me[illegible] and acquisition (M&A) business, however, is still in the doldrums, and shows little sign of returning to form. The value of completed M&A deals in 1990 was $167bn, down from $290bn in 1989. This year will be one of stagnation, according to Sanford C Bernstein, capital market specialists, which estimates the value of deals at between $150bn and $170bn in 1991.

Commissions also remain a problem. Competition between securities firms for contracting business pushed fees down in past years, much to the benefit of investors. Total commission revenue in 1990 stood at just less than $9bn, down 13 per cent on the previous year and 30 per cent less than the peak year of 1987.

Even in the current climate, securities firms will be reluctant to increase commissions for fear of losing business to competitors. But the biggest player has taken the plunge: in February, Merrill Lynch raised its commission fees on stock transaction orders.

The start to 1991 may have been promising, but return on equity in the securities business is likely to remain low on a historical basis. In the past two years, the equity base of the industry has shrunk from $27.1bn to $23bn today.

Even if profits [illegible] reach the more optimistic estimates of $1.5bn, that would still represent a return on equity of 6.5 per cent, well below the 20 per cent to 30 per cent returns enjoyed during the early to mid-1980s and fairly meagre by the standards of other US industries.

The successes of the last three months have come as an unexpected surprise for Wall Street. "We're going to end up with a healthier 1991 than anyone counted upon," enthused Mr Jerome Kenney, of Merrill Lynch.

The industry's improved health [illegible] spurred [illegible] into buying the stocks of securities companies. In the first three months of this year the securities broking sector of the NYSE rose 45 per cent, the third best performing sector in the period.

Yet a strong first three months will not be a signal for expansion, and caution remains the watchword. As Mr Bill Macintosh, of Salomon Brothers, put it: "There is no euphoria. No one will go and start hiring and building up parts of their business on the basis of just one quarter."

Finance houses enjoyed a surprisingly [illegible] 1991 first quarter - but job losses are still on the cards

## Sulzer plans payout rise as earnings jump 28%

By William Dullforce in Geneva

SULZER, the Swiss [illegible]ineering group based in Winterthur, yesterday reported a 28 per cent increase in net consolidated earnings to SFr155m ($110m) in 1990.

Turnover, adjusted for the sale of its diesel engine business last year, rose by just less than 3 per cent to SFr6.23bn.

Net earnings of the parent company advanced to SFr60m from SFr54m in 1989.

The board proposes to raise the dividend from SFr130 to SFr150 per registered share with a nominal value of SFr1,000, and from SFr13 to SFr15 for registered shares and participation certificates with a par value of SFr100.

The annual meeting in May will also be asked to approve modifications to the company statutes which would raise the limit on the amount of the share capital that a single investor can hold from 0.5 per cent to 2 per cent of the total.

A 10 per cent limit applies to voting rights, but a larger stake can be held, provided that the investor enters a contract undertaking not to sell his holding without the approval of the Sulzer board.

Omni Holding, the parent company of Mr Werner Rey, which is under court protection from its creditors, holds some 30 per cent of the Sulzer stock, but only 10 per cent has been formally registered.

The Sulzer board announced this year that it was seeking "a more stable share structure" and was looking for investors, possibly an "industrial partner", which would buy Mr Rey's stake.

Last month, Mr Jean-Claude Nicole, a Swiss publisher, sold an 8 per cent interest in Sulzer to an unnamed buyer for an undisclosed sum. Mr Nicole said the sale had been completed with the understanding of the Sulzer board.

Sulzer has doubled its net earnings in the past three years – last year's 28 per cent advance followed a 53 per cent profit growth in 1989. The 1990 increase was effected despite problems for Sulzer Rüti, the weaving machinery company, which saw its market collapse.

Rüti, which contributed SFr1.17bn of group turnover in 1989, experienced a drop of 25 per cent in incoming orders last year. Between last autumn and this spring, the decline has reached 50 per cent.

Working hours have [illegible] reduced for 3,600 employees this month.

## Moves at Mayne Nickless

[illegible] Nickless, the Australian transport, security and health-care group, yesterday announced that Mr Ian Webber, managing director, was to retire on October 8 and that group operations director Mr William Bytheway had been appointed deputy managing director, Reuter reports.

Mr Bruce Redpath, chairman, is to retire in September. Mr Webber will continue with the group in a non-executive capacity after his retirement.

Mr Bytheway joined Mayne Nickless in 1968 and was appointed to the board last year. Mr Webber joined the company as deputy managing director in 1981 and was appointed managing director in the same year.

Mayne Nickless has not had a deputy managing director since 1981.

The company said that no successors to Mr Webber or Mr Redpath, had been announced yet.

## Swiss units link at Bridgestone

BRIDGESTONE, the leading Japanese tyre group, plans to combine its two Swiss sales subsidiaries into one [illegible], Reuter [illegible] from Tokyo.

Bridgestone (Schweiz) and Firestone (Schweiz) will be combined to create Bridgestone/Firestone (Schweiz).

The move will help strengthen customer services, increase the variety of products and improve management efficiency, the company said.

## Marabou to build plant

FREIA MARABOU, the Norwegian [illegible], chocolate and [illegible] producer, announced [illegible] yesterday to invest NKr350m ($54m) to build a chocolate production plant in Hasselt, Belgium, 60km outside Brussels, writes Karen Fossli in Oslo.

The company plans to produce its Daim chocolate bar, which has enjoyed success in Scandinavia, at the plant. Production [illegible] to start in 1994 with construction of the plant starting next spr[illegible].

Initially, the plant [illegible] employ between 75 and 90 employees, rising to 125 by 1995, and will produce Daim for the European Community market.

Freia Marabou has sold the Daim chocolate [illegible] since 1987 in the UK and Germany. In 1990, Freia Marabou's pre-tax profits increased by 8 per cent to NKr433m. Group operating income rose by 7 per cent to NKr4.79bn.

# INTERNATIONAL COMPANIES AND FINANCE

## McCaw nets $360m in cellular deal

**By Martin Dickson in New York**

BELLSOUTH, the largest of the regional Bell operating companies, and McCaw Cellular Communications yesterday agreed to an exchange of interests which will help consolidate the US cellular telephone market and give highly-leveraged McCaw $360m in cash.

The deal arises out of BellSouth's move late last year to buy Graphic Scanning, a financially-troubled cellular business with interests concentrated in Indiana and Wisconsin.

At the time of that deal, Graphic Scanning was involved in a complicated [illegible] tlement of a legal dispute with McCaw, the largest US cellular company in which British Telecom has a 20 per cent stake, involving an exchange [illegible] cellular [illegible]

The new agreement involving BellSouth enlarges on that settlement. BellSouth will buy McCaw's cellular interests in seven markets in Indiana, 10 in Wisconsin, and one in Illinois. In return, McCaw will receive $360m and BellSouth's 28.57 per cent interest in a cellular system in Rochester, New York State.

McCaw will be relieved of a $50m payment to Graphic, required under the earlier settlement, and will release Graphic from pending litigation.

The effect [illegible] the deal [illegible] BellSouth's position [illegible] the mid-West and McCaw's in New York state.

There are some 2.7m pops – [illegible] head of population who could [illegible] served by cellular – in the areas BellSouth [illegible] acquiring, and about [illegible] in the Rochester area. McCaw, therefore, will [illegible] net loss [illegible] about [illegible] pops. The deal rep[illegible] a price-per-pop of around $200 for Milwaukee, a large urban market, and about $160 [illegible] the [illegible] markets.

McCaw [illegible] it would use the proceeds to pay off some 20 per cent [illegible] its $2bn in bank debt. The company, which has grown rapidly from tiny origins to leadership of the industry, had some $5.3bn of debt and shareholders' funds of [illegible] at the end [illegible] last [illegible]

## Alcan $1m loss upsets forecasts for quarter

**By Robert Gibbens in Montreal**

ALCAN Aluminium yesterday surprised analysts by reporting a first-quarter loss. The company blamed weak metal prices, sharply lower shipments of ingot and fabricated products, and rising costs.

The loss was US$1m, or 3 cents a common share, after a $7m special charge, against a profit of $172m, or 74 cents, including a $63m special gain, a year earlier.

Sales and operating revenues were $1.95bn, down 8 per cent from [illegible] earlier.

The Canadian-based group last month warned that first-quarter results would be much lower than those of the fourth quarter of 1990, when earnings from operations were $76m, or 32 cents a share.

Mr David Morton, chairman, said prices weakened markedly in many of Alcan's principal markets in the first quarter, and North America and Brazil both turned in operating losses. "The weakness in the world aluminium market is likely to persist until the North American economy turns round," he said.

Fabricated shipments, at 334,000 tonnes, were down 10 per cent from a year earlier and 8 per cent from the fourth quarter. Ingot shipments, at 181,000 tonnes, dipped 8 per cent and 25 per cent.

Alcan would not give further details about the Brazilian loss, but admitted conditions had not improved there. European operations picked up, although there were losses in Britain, while Pacific area results were about the same.

Even the most cautious analysts had expected a small first-quarter profit. Spot aluminium prices have fallen from about 70 cents (US) a pound late last November to 64 cents. [illegible] predict a further decline to below 60 cents and further problems for Alcan.

The company's average selling prices are normally about [illegible] above the [illegible] price.

Analysts in New York [illegible] Alcan was [illegible] favourably placed in the big US market than Alcoa and Reynolds, with greater reliance on the car industry. It should, however, pick up in [illegible] economic recovery [illegible] way, [illegible] show a modest [illegible] for all 1991.

## Semiconductor makers advance

**By Louise Kehoe in San Francisco**

INTEL and Advanced Semiconductor, two of Silicon Valley's leading semiconductor manufacturers, reported gains in first-quarter income, signalling strengthening demand for computer chips.

Intel produced record sales and income for the quarter, while AMD managed a small profit [illegible] in [illegible] quarters, [illegible] on strong demand for [illegible] products, including its recently-introduced [illegible] of the Intel 386 microprocessor.

[illegible] strong [illegible] all product [illegible] in all big geographical areas.

[illegible] first-quarter [illegible] income was $197m, a 37 per cent increase from $144m for the first quarter of 1990, on revenues of $1.13bn, up 27 per cent from $894m a year ago.

On [illegible] per-share basis, [illegible] company reported 95 cents for the first quarter, compared with 73 cents a year ago.

"We are delighted with this performance given the current turbulence in the economy and our industry," said Mr Andrew S. Grove, president and chief executive.

AMD's first-quarter net income was $4.2m before payment of preferred stock dividends, and per-share earnings amounted to 2 cents.

In the first quarter a year ago, AMD reported net income of $13.1m, or 13 cents a share after dividend payments. Results for the period were boosted by a $10m gain from the sale of a facility to Sony USA. First-quarter sales were [illegible], up slightly from $271.5m in the same period last year.

"We are pleased with the improving [illegible] results achieved in the first quarter of 1991. They represent the initial payback from AMD's transformation," [illegible] Mr W. J. Sand[illegible], chairman [illegible] executive officer.

"In [illegible] development of enormous significance to the [illegible] worldwide electronics industry, [illegible] shipments [illegible] processor, ending the Intel monopoly.

"At [illegible] than $10m, shipments in the quarter exceeded expectations, and we are [illegible] ramping production [illegible] with our marketing objectives," he said.

## Provision move denied by Banesto

**By Peter Bruce in Madrid**

BANESTO, one of Spain's big commercial banks, is strongly denying suggestions that it has [illegible] a [illegible] charge against its 1990 consolidated group profits.

The [illegible] implied [illegible] week that it had [illegible] had to make provisions following [illegible] August's stock market fall and suggested [illegible] pre-tax earnings had risen 45 per cent [illegible] Pta74bn ($718m) last year.

The provision is said to have been made in 1990 accounts passed by Banesto to the Bank of Spain in February – fully [illegible] Banesto's recently-formed industrial holding [illegible], Corporacion Indus[illegible] its financial units, for [illegible] first time. The central bank approved [illegible] accounts, although it [illegible]ed Banesto to reduce [illegible] exposure [illegible] own group.

Mr Mario Conde, Banesto's president, said last night that [illegible] "has [illegible] passed [illegible] penny" through the profit and loss account. The suggestion, [illegible] said, "is completely false".

This week, Mr [illegible] said that, at the greatest profit and [illegible] consolidation demanded by [illegible] Bank of Spain – which consolidates only the Corpora[illegible] and the financial group – pre-tax [illegible] for [illegible] were Pta74.54bn.

That account included a note, independent of the account itself, to the effect that a "harmonisation adjustment" of Pta64bn had been made to take account of share price losses at Corporacion companies after the Gulf crisis began. The adjustment would be taken against reserves.

It is understood that, if Banesto's annual report does not make clear that the provision – understood to be the same Pta64bn – has been made to consolidated group profits, the monetary authority could act against the group.

The alleged provisions in the accounts passed to the Bank of Spain [illegible] pre-tax group profit to [illegible]

The Bank of Spain and Banesto may be interpreting the same accounts differently. Mr Conde had said that the final consolidated account he presented this week complied with the Bank [illegible] Spain's reporting rules. [illegible] Corporacion parent had not suffered [illegible] price [illegible], no provisions were necessary.

The Bank of Spain, though, will have a fuller account in which its own banking norms – linking provisions to the share prices of individual important in[illegible] and not profitability as demanded by general Spanish accounting rules – apply.

## Disposal lifts CGIP to FFr1bn

**By George Graham in [illegible]**

COMPAGNIE Générale d'Industrie et de Participations (CGIP), the [illegible] holding company of [illegible] Wendel family, has reported net profits [illegible] FFr1.01bn, up [illegible] FFr756m, after a FFr314m ($55.4m) exceptional [illegible] on the sale of [illegible] in Société Auxiliaire d'Entreprise, the construction company.

Mr Ernest-Antoine Seillière, chairman, described the results as satisfactory, with operating income rising by between 4 and 5 per cent. He said all indications were that results would rise again in 1991.

CGIP's two main holdings, a 25.5 per cent stake in CMB Packaging, the Franco-British packing group, and a 29 per [illegible] in Cap Gemini [illegible], Europe's [illegible] computer [illegible] group, both suffered slight setbacks last year.

CMB, which CGIP controls in partnership with MB Holdings of the UK, reported a 14 per cent drop in net profits last [illegible]. Mr Seillière said, however, he hoped the restructuring efforts made so far would bear fruit and results would improve this year.

Cap Gemini, on the other hand, produced a 19 per cent increase in net profits after a substantial acquisition programme. The results were impressive by most standards, but would have been even more so had the company not had to withdraw a share issue [illegible] its acquisitions [illegible] of the Gulf crisis.

CGIP said it would subscribe FFr500m to the capital increase of Sogeti, Cap Gemini's holding company.

It also plans to subscribe to the capital increase of FFr350m planned by its majority-owned building materials subsidiary, Cedest, to finance the $90m purchase of the 51 per cent it did not already own in Wheelabrator Allevard, the world leader in abrasive pellets.

Mr Seillière said the balance of CGIP's portfolio had prevented it from suffering any marked slowdown in business [illegible] this [illegible], and he was confident about [illegible] group's performance in 1991.

## Raytheon strong in electronics, energy sectors

RAYTHEON, the US electronic equipment group, has attributed a slight rise in earnings and sales in the first quarter to strong operating results in government electronics and in its energy services and aircraft segments, Reuter reports.

However, Mr Dennis Picard, chairman and chief executive officer, [illegible] "This strong showing in these segments was dampened by the effects of recessionary pressure on our appliance segment."

The company, maker of the Patriot missile, reported first-quarter net income of $133.7m, or $2.04 per share, compared with $130.9m, [illegible] $2.00, last year. [illegible] advanced to $2.25bn from $2.23bn last time.

## Hilton Hotels blames Gulf war for 50% tumble

**By Nikki Tait in [illegible] York**

PROFITS were halved in [illegible] first quarter [illegible] Hilton Hotels, with the reluctance [illegible] travel during [illegible] Gulf [illegible] and the recessionary climate [illegible] for [illegible] collapse.

The Beverly Hills-based hotel and [illegible] said [illegible] an overall [illegible] profit of [illegible] in [illegible] three months to end-March, compared with $25.1m in the same period a year earlier. Revenues were static at $266.9m.

The hotel business was responsible for virtually all the decline in profits.

This division saw operating income fall from $22.8m to just $8.5m. On the gaming side, by contrast, profits were flat at [illegible] ($33.8m).

Higher interest [illegible] contributed to the downturn, rising from $11.2m a year ago, to $14.5m in the latest three-month period.

Mr Barron Hilton, chairman, said the weakness in the hotel divisions in the latter half of 1990 worsened with the outbreak of the Gulf war.

New York and Hawaii were among the worst-affected markets, and the decline was compounded by an early Easter – traditionally a slow period for the industry.

"While there are some preliminary signs that the recession may have bottomed out, emergence from the downturn, particularly in [illegible] sector, remains cloudy, due to the disproportionate decline in [illegible] sectors," he said.

## Troubled Florida banking group in merger [illegible]

SOUTHEAST Banking, a troubled [illegible] banking group, said yesterday it was in talks with several other banks about the possibility of selling itself, writes Martin Dickson.

The group, which [illegible] $13bn in assets, was [illegible] one time the largest banking group [illegible] Florida. However, it has [illegible] in [illegible] red for the past [illegible] quarters [illegible] a heavy burden of non-performing [illegible]

The bank [illegible] it was examining [illegible] means of bolstering [illegible] capital, including [illegible] merger.

Possible [illegible] might include [illegible] Banks, the largest bank in Florida, and NCNB, [illegible] in North Carolina, which has grown into one of the most dynamic super-regional banks in the US through [illegible] acquisitions.

## INTERNATIONAL CAPITAL MARKETS

# Philippine National Bank shares to be sold

By Greg Hutchinson in Manila

A FURTHER 10 per cent of shares in the Philippine National Bank, partially privatised two years ago with the sale to the public of 30 per cent of its stock, is to be sold.

However, a plan to list the shares in the US as American Depository Receipts (ADRs) had been shelved because of delays being experienced by regulatory authorities.

"These will now be offered to the local market," an official said.

But he said the PNB was going ahead with an ADR plan whereby all of the 30 per cent of Philippine shares currently listed would be traded on an over-the-counter basis in the US rather than formally listed on the exchanges there.

The securities should be tradeable as ADRs well before the end of the year.

The bank, which five years ago was saddled with huge [illegible] and was unprofitable, forecast that its business would continue to grow this year, although at a far reduced pace from the first quarter.

Yesterday, it announced net income rose 170 per cent to 1.5bn pesos ($54m) in the first quarter of this year from 557m pesos in the corresponding quarter of last year.

Net earnings per share were 24.89 pesos.

Gross income was 4.17bn pesos, made up of 1.88bn pesos in interest income and 2.29bn pesos from fee-based and other income.

Net profit as a percentage of gross income was 36 per cent in this last quarter.

Total resources grew by 4 per cent from the fourth quarter of 1990 to 76.65bn pesos, while liabilities rose by 2 per cent to 67.18bn pesos.

Mr Edgardo Espiritu, PNB's president, attributed much of the net profit rise to the depreciation of the Philippine peso, which fell by around 25 per cent last year against the US dollar, and increases in fee-based income.

# SA to help Cape Bank investors

THE South African Reserve (central) Bank announced a limited, special aid scheme for smaller depositors with the troubled Cape Investment Bank, which is to be wound up, Reuter reports from Johannesburg.

However, it warned the move did not set a precedent.

"The Reserve Bank by no means wishes to discourage the placing of funds with smaller banks, but at the same time wants to state unequivocally that it cannot accept responsibility for the injudicious investment decisions of depositors," Mr Chris Stals, Reserve Bank governor, said in a statement.

The Deputy Registrar of Deposit-taking Institutions earlier announced a proposal to wind up the Cape Investment Bank.

Mr Stals said that in the interest of sound competition it is desirable that large investors should place deposits with smaller banks such as the Cape Investment Bank.

"The Reserve Bank is, however, perturbed at the lack of sound financial management so often displayed in South Africa in the handling of large amounts of funds," he added.

It was found that excessive amounts were deposited by individual investors with the Cape Investment Bank and the relatively small Alpha Bank Ltd which was placed under curatorship last September, he said.

This contributed significantly to their financial problems.

# Dealers against opening Tokyo OTC market

THE Japan Securities Dealers' Association has decided [illegible] allowing foreign [illegible]panies to be listed on the over-the-counter (OTC) market, Reuter reports from Tokyo.

An association official said [illegible] Dealers' Association, which supervises the OTC market, has been examining the possibility of opening the market to foreign companies. But it concluded this would be difficult as there are no institutions likely to be able to handle accounts settlement for foreign stocks.

Also, as a result of easier listing restrictions on the foreign stocks section of the Tokyo Stock Exchange, the added merit of opening the OTC market to foreign companies would be minimal, the official said.

# Producer price dip keeps US rate cut hopes alive

By Patrick Harverson in New York and Sara Webb in London

A WELTER of economic reports left the US bond market in a daze yesterday morning, but with the key figure – a 0.3 per cent fall in March producer prices – keeping hopes [illegible] interest [illegible] alive, Treasury [illegible] higher across the board.

By mid-day, the benchmark 30-year government bond was up ⅛ at 95⅞, to yield 8.250 per cent.

The two-year note was [illegible] firmer, up ⅛ at 100⅛, yielding [illegible] per cent.

The economic [illegible] released yesterday showed producer price inflation easing slightly, [illegible] in [illegible] stronger in February after a [illegible] revision [illegible] lier estimates, and the latest weekly [illegible] unemployment claims [illegible] 70,000.

The unemployment news [illegible] a welcome relief [illegible] big rises in [illegible] numbers, but analysts warned the figure was distorted by the Easter holiday period which traditionally distorts the total.

## GOVERNMENT BONDS

Overall, analysts said the day's data was broadly positive, leaving the door open for a cut in interest rates by the Federal Reserve. However, no one expects the Fed to move until it has seen the consumer price index for March, which is due out today.

This explains why the market's response to the good news on producer prices was relatively muted yesterday; no one wanted to be caught too long of bonds in the event of a bad consumer prices figure wrecking the chances for another cut in borrowing rates and triggering a large sell-off in Treasury bonds.

■EUROPEAN bond [illegible] rallied when the US producer price index and employment figures were released, in the hope that the Federal Reserve could cut interest rates soon.

The German government bond market's rise was helped by the strengthening of the D-Mark against the dollar, which traders saw as a sign that the Bundesbank is less likely to raise interest rates.

The Bundesbank confirmed this when Mr Dieter Hiss, head of the regional central bank in Berlin, stated that the Bundesbank would not join the trend to lower interest rates.

Rumours that Mr Karl Otto Pöhl, president of the Bundesbank, was about to step down started circulating in [illegible] Far Eastern markets and spread to Europe, forcing the Bundesbank to put out a statement saying it will no longer react to intermittent market speculation on the subject.

Dealers in the Far East said the speculation had put slight pressure on the German mark.

French government bonds gained ¼ point on the US PPI figures and closed up ½ point. The Bank of France said it left its intervention rate unchanged at 9 per cent at a securities repurchase tender held yesterday.

The French Treasury will offer FFr8bn of bills at its next weekly tender on April 15. The offer will consist of FFr6bn of 13-week bills and FFr2bn of 26-week bills.

■UK government bond prices picked up slightly on the US figures but trading was generally quiet [illegible] today's RPI figures which are expected to show a fall in inflation. However, dealers said the market has already discounted a possible ½ point cut in the base rate.

■JAPANESE government bond p[illegible] fell sharply on heavy selling in Tokyo and New York as some dealers decided to realise losses on their holdings. Hopes of a cut in the Official Discount Rate in Japan have faded in recent days though attention is still focused on the US in the hope that the Federal Reserve show signs of an easing in the interest rate.

Dealers said that heavy selling in New York on Wednesday helped push the yield on the benchmark No 129 Japanese government bond from 6.67 per cent to 6.7 per cent. One dealer said there were rumours that one of the Japanese brokers had sold up to Y20bn worth of JGBs in New York.

In Tokyo, the yield opened at 6.7 per cent, moved to 6.77 per cent and closed at 6.76 per cent, trading at around 6.77 per cent in London.

### BENCHMARK GOVERNMENT BONDS

| | | [illegible] | Red Date | Price | Change | Yield | [illegible] | Month ago |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | 13.500 | 09/92 | 103-28 | [illegible] | [illegible] | 10.55 | [illegible] |
| | | 9.000 | 03/00 | [illegible] | [illegible] | [illegible] | [illegible] | 10.11 |
| | | 9.000 | [illegible] | 93-27 | +09/32 | 9.74 | 9.65 | [illegible] |
| US [illegible] | | [illegible] | 02/01 | 97-29 | [illegible] | 8.06 | 8.01 | 8.05 |
| | | [illegible] | [illegible] | 95-29 | +08/32 | [illegible] | 8.20 | 8.22 |
| JAPAN | No 119 | 4.800 | [illegible] | [illegible] | -0.431 | 7.15 | 7.04 | 6.99 |
| | No 129 | 6.400 | [illegible] | [illegible] | -0.494 | 6.76 | 6.64 | 6.61 |
| GERMANY | | 9.000 | [illegible] | 104.6900 | +0.450 | [illegible] | 8.35 | [illegible] |
| FRANCE | STAN | [illegible] | 02/96 | 99.8096 | [illegible] | 9.03 | 9.16 | 9.10 |
| | OAT | [illegible] | [illegible] | 104.2400 | [illegible] | 8.82 | 8.99 | 8.92 |
| CANADA * | | 9.750 | 06/01 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| NETHERLANDS | | 8.500 | 03/01 | [illegible] | +0.270 | [illegible] | [illegible] | 8.59 |
| AUSTRALIA | | 13.000 | 07/00 | [illegible] | [illegible] | 11.12 | 11.36 | [illegible] |
| BELGIUM | | [illegible] | 08/00 | [illegible] | [illegible] | 9.15 | 9.06 | [illegible] |

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

# Jardine Fleming in Japan warrant fund

JARDINE Fleming Unit Trusts has launched an open-ended Japanese warrants fund with a minimum subscription of $1,000, Reuter [illegible] from Hong [illegible]. It is [illegible] JF Japan Warrants Trust until April 19 at a fixed unit price of $10.53.

The Japanese [illegible] market is capitalised [illegible]. The trust carries a maximum subscription charge of 5 per cent, a fiscal charge on realisation of 0.5 per cent, a realisation charge of 0.5 per cent, an annual management fee of 1.75 per cent and a performance fee of 10 per cent of any increase in net asset value of more than 20 per cent a year.

### FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:05 pm on April 11

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABBEY NATIONAL 8 7/8 93 | 150 | 101⅝ | 102⅛ | | 7.92 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 103⅝ | 104 | -⅛ | [illegible] |
| AUSTRIA 8 1/2 00 | 400 | 98⅜ | 99⅛ | -⅛ | [illegible] |
| BANK OF TOKYO 8 3/8 96 | 100 | 97 | 99⅛ | | [illegible] |
| BELGIUM 9 1/8 92 | 400 | 101⅞ | 102⅛ | -⅛ | [illegible] |
| BFCE 7 3/4 97 | 150 | 97⅞ | 98⅛ | +⅛ | [illegible] |
| BNP 8 5/8 94 | 300 | 101⅛ | 102⅛ | -⅛ | [illegible] |
| BP CAPITAL 9 5/8 95 | 150 | 102⅞ | 103⅛ | -⅛ | 8.08 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 94 LFr | 600 | 92⅛ | 93⅛ | | 9.66 |
| KREDIETCORP 7 93 LFr | 1000 | 94⅛ | 95⅛ | | 9.72 |
| WORLD BANK 8 96 LFr | 1000 | 96 | 97 | | 9.02 |
| ALBERTA PROVINCE 10 92 C$ | 500 | 100⅛ | [illegible] | | [illegible] |
| BCE INC 9 5/8 93 C$ | 300 | 99⅛ | [illegible] | -⅛ | 10.11 |
| BELL CANADA 10 5/8 99 C$ | 150 | 100⅛ | 101⅛ | -⅛ | 10.47 |
| BRITISH COLUMBIA 9 1/4 99 C$ | 150 | 99⅛ | [illegible] | -⅛ | 9.75 |
| EIB 10 1/8 98 C$ | 130 | 101⅛ | [illegible] | +⅛ | 9.85 |

# Rome to publish withholding tax shake-up ruling

**By Haig Simonian in Milan**

A RULING on the procedures for refunding Italian withholding tax for non-residents is to be published imminently.

It will enable eligible non-residents to reclaim withholding tax on Italian government paper.

The move will come as a welcome boost to the Italian bond market, which has been one of the fastest growing and most successful in Europe this year.

Although the Finance Ministry in Rome was unable to give any indication when the procedure, which has been the subject of many months' debate, would be released, versions were believed to be circulating among the banking community yesterday.

Precisely which groups of investors will be affected will depend on a variety of factors. These include whether double taxation treaties exist between their country of domicile and Italy, and, if so, the so-called "treaty tax rate" set out in such agreements.

However, it is already clear that supranational institutions will be able to reclaim tax, and that the ability to reclaim will not only cover lira-denominated domestic paper but also Ecu bonds issued by the Italian government on the domestic market.

The new procedure is set out in a document from the Ministry of Finance.

As expected, custodian banks will pay a leading role in co-ordinating repayments. Investors will have to complete two forms, one to be signed by the fiscal authorities in their country of residence.

The Italian Ministry of Finance has promised speedy repayment of claims.

# Portugal launches big debt programme

PORTUGAL, struggling to mop up excess liquidity, has launched a huge programme of government debt that is fuelling a growing market in bonds, Reuter reports from Lisbon.

Some Es1,000bn worth of treasury bills and other financial instruments have been placed with banks since December to control a glut of idle funds that was hindering the government's fight against inflation.

Now the government is aiming to further develop the secondary debt market.

Plans to introduce continuous trading later this year and to create market-markers, who will be committed to trading a certain amount of debt, are expected to increase turnover significantly.

Investors in Portugal are increasingly opting for the secondary bond market as an alternative to the tiny and volatile Lisbon and Oporto equity markets, analysts say.

Portuguese stock markets slumped last year due to fears over the Gulf crisis, but the Lisbon bond market's Banco Pinto e Sotto Mayor (BPSM) index, for public and private bonds, ended 2.3 per cent up on 1989.

Business in public debt paper, though growing, is currently limited by the archaic trading system. Prices are set at most twice a day at the stock exchange and often only small amounts are traded.

However, authorities are planning to introduce continuous electronic trading in coming months to modernise the market and bring it closer in line with others in the EC. It also plans to designate about half a dozen Portuguese banks as market-makers.

Until then, the market in government debt will be open to any of the 20 or so Portuguese banks potentially interested in taking part in public issues and willing to guarantee a certain amount of trading.

# Spotlight falls on building societies' credit quality

## Simon London on the impact of Permanent Interest Bearing Shares on the UK's mutual savings institutions

THE announcement that UK building societies will soon be able to issue PIBS – a new form of interest-bearing shares – has placed the credit quality of the UK's mutual savings institutions under scrutiny.

Throughout the late 1980s, building societies developed a higher profile in the capital markets. The Building Societies Commission, the regulatory authority, limits the amount of funding the societies can raise from "wholesale sources" to 40 per cent of total financing. The rest must come from depositors. In practice, building society treasurers said the commission imposes an informal limit of around 25 per cent.

However, by clearing the way for building societies to issue Permanent Interest Bearing Shares, the commission has opened up a new market which many building societies are keen to tap. If PIBS can be successfully sold to investors, the instrument will provide a welcome additional source of capital against which the societies can lend. As mutual institutions, building societies have, until now, built core capital resources by retaining income.

Moreover, since PIBS will be deeply subordinated, ranking below savers' deposits in the event of a winding-up, the long-term credit quality of building societies could be crucial to the pricing of the PIBS.

A recent study by IBCA, the European credit rating agency, commented that the big building [illegible] are "profitable, well capitalised and tightly regulated".

In terms of core capital, the best-capitalised of the leading building societies is National & Provincial (N&P), with core capital equivalent to 4.9 per cent of assets at the end of 1989. At the bottom of the pile of rated societies, Halifax had a ratio of 3.8 per cent.

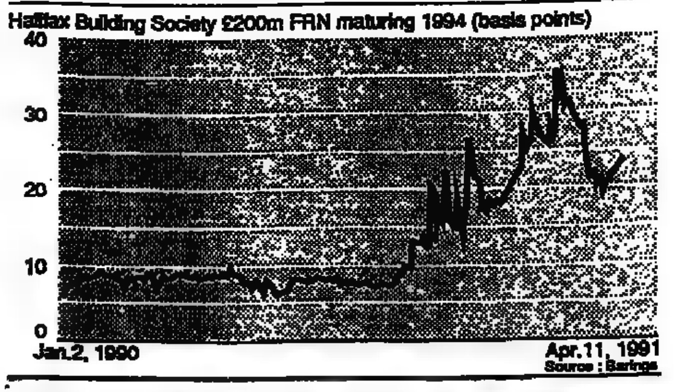
Like banks, building societies have also been able to issue subordinated debt to bolster non-core or tier II capital. Three building societies (Alliance & Leicester, Bristol and West and Leeds Permanent) have followed banks by issuing variable-rate notes since 1989. These are floating-rate instruments on which the margin over the London interbank offered rate is re-set at a regular remarketing process.

The problem for the building societies, as for the banks, is that subordinated paper in general, and variable rate notes in particular, are unpopular with investors in the current uncertain economic climate.

For example, Bristol & West's £150m variable-rate note issue was launched in September 1989 at an interest margin of 10 basis points above the London interbank offered rate. However, the margin has risen at recent remarketing auctions and now stands at 50 basis points over Libor.

**Discounted Margin**

Halifax Building Society £200m FRN maturing 1994 (basis points)




Source : Barings

The Building Societies Commission has specifically excluded variable-rate structures from its proposed rules for PIBS.

The way in which building societies fund their lending activity is watched closely by credit analysts. In addition to subordinated capital, building societies have also issued an increasing amount of senior debt securities and commercial paper in the capital market.

For example, N&P recently set-up a £500m medium-term note programme in the international capital market, which allows for the issue of paper denominated in sterling, yen, Ecu and dollars. N&P also has a $750m commercial paper programme in the US and has issued long-term debt in Tokyo.

N&P is unusual only in having such a diverse spread of foreign currency borrowings. Most societies have concentrated wholesale funding activity by issuing sterling commercial paper and sterling floating-rate notes.

The reason for increased wholesale funding is that net savings inflow into the societies grew only moderately during the 1980s – at a time when the housing market was booming and the societies were expanding their mortgage portfolios.

Of the big societies, Alliance & Leicester has been most aggressive in its use of the capital markets. In 1989, 23 per cent of its funding came from wholesale sources, rather than from depositors.

Last month, Moody's Investor's Services, the US credit rating agency, downgraded the senior debt rating of Alliance & Leicester from AA3 to A1, citing the changing pattern of the society's borrowing as one reason for the decline in credit quality.

"Such a major shift in funding patterns has led to higher funding volatility," said a recent report from Moody's. "Within the wholesale funds base itself, a large reliance on short-term sources – especially highly confidence-sensitive instruments such as commercial paper – could increase further funding volatility."

The increasing cost of variable-rate notes is a good example of this funding volatility. The cost of issuing sterling floating-rate notes has also risen sharply in the past six months.

For most of last year, quality building society FRNs traded at a discounted margin of between 5 and 8 basis points over the London interbank offered rate. During the autumn and the early part of this year, however, prices collapsed. For example, Halifax's floating-rate paper maturing 1994 troughed at a discounted margin of nearly 36 basis points over Libor before recovering over the past month.

Indeed, the sterling FRN market is currently described by bankers as "soggy", and "effectively closed to new issues on any scale".

Currently, the pressure to raise funding in the capital markets is not strong. The UK housing market is depressed and the inflow of savings has increased as the economy has moved into recession.

However, pressure to refinance existing borrowings will grow in the mid-1990s as the early batch of sterling FRNs reach redemption.

During the whole of this year only around £300m of building society bonds will reach maturity. In the third quarter of 1993, at the peak of redemption, around £1bn falls due.

While floating-rate instruments are unpopular, Leeds Permanent, Nationwide Anglia and Alliance & Leicester have each issued fixed-rated bonds into the international market this year. Where interest rate swaps can be arranged, this provides floating-rate funding at below the level which can currently be achieved by issuing floating-rate bonds.

# Good reception for Staatsbank DM4bn deal

**By Simon London**

WHILE the mainstream of the international bond market remained subdued yesterday, international investors had opportunities to buy paper nominally issued in domestic markets.

For example, the Staatsbank, the state-owned German lending institution, launched DM4bn of floating-rate paper through a syndicate of 30 non-German banks led by Swiss Bank Corporation in Frankfurt.

The issue was split into two tranches of five-year paper, a DM2.5bn tranche paying three-month Frankfurt interbank offered rate (Fibor) and a DM1.5bn tranche paying six-month Fibor.

Issued at 100.10 and 100.08 respectively, both tranches

**INTERNATIONAL BONDS**

traded at a discount equivalent to full fees of 18 basis points, where they yield two to three basis points over Fibor.

The Staatsbank has issued more than DM40bn of paper since August 1990 and this changed syndication method marks an effort to achieve a broader spread of distribution.

Banks participating in the deal yesterday said that central banks had snapped up a substantial portion of the issue.

However, buying was also reported from companies and some commercial banks.

The issue carries the guarantee of the German government and a zero-risk weighting under the Basle guidelines on international bank capital adequacy – banks do not have to set aside capital against holdings of the bonds.

In the French market, the European Investment Bank added FFr2bn of new bonds to its outstanding FFr1.5bn 9 per cent bond issue maturing 2003.

The deal, lead managed by BNP, was priced to yield 40 basis points over French government paper over similar maturity, in line with the yield spread of the existing paper in the secondary market.

The bonds are in bearer form and can be cleared through either Euroclear or Cedel, the clearing houses of the international bond market.

The lead manager reported mainly international demand centred on institutional investors.

Elsewhere, syndicate managers expected little new issue activity today, ahead of inflation statistics due to be released in the US and UK.

Spain is expected to come early next week with an Ecu deal, possibly of around Ecu1bn and 10-years maturity.

● The expansion of the International Swap Dealers Association's master swap agreement to include new transactions, reported yesterday, involves changes to the definitions which accompany the ISDA master, but not to the master agreement itself.

# Moody's may downgrade Olympia & York issue

**By Tracy Corrigan**

MOODY'S Investor's Service, the US rating agency, has placed a property-backed Eurobond issued by Olympia & York, the Canadian real estate group, under review for possible downgrade.

The $548m Eurobond is secured on the building and tenant leases of 55 Water Street, New York City.

The 3.5m sq ft building is one of the largest office blocks in the US, and the deal was the largest to be secured on a single office block.

A diminishing stream of payments from a surety bond of Aetna Casualty, the US insurance company, gives additional backing.

The deal was originally rated AA1 by Moody's but was downgraded in July 1990 to A1, due to substantial leasing exposure and the decline in the Manhattan property market.

Leases for approximately 40 per cent of the building expire in 1992 and 1993.

The bonds were placed under review because of the further deterioration in the property market and the approach of the lease expiry dates.

Other property-backed deals may be similarly affected, although most were done as private placements and were not rated.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

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| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thursday April 11 1991 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at 25%) | Est. P/E Ratio (Net) | xd adj. 1991 to date | Wed Apr 10 Index No. | Tue Apr 9 Index No. | Mon Apr 8 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (187) | 877.76 | | 11.23 | 5.51 | 10.91 | 9.61 | 877.72 | 883.21 | 881.70 | 945.08 |
| 2 Building Materials (24) | 1139.22 | +0.6 | 11.49 | 5.44 | 10.71 | 5.50 | 1132.51 | 1138.54 | 1140.33 | 1025.33 |
| 3 Contracting, Construction (31) | 1387.41 | | 10.56 | 5.68 | 12.24 | 15.34 | 1387.87 | 1393.03 | 1396.13 | 1354.67 |
| 4 Electricals (10) | 2438.35 | +0.7 | 10.98 | 5.48 | 11.23 | 13.27 | 2420.88 | 2433.16 | 2424.55 | 2377.51 |
| 5 Electronics (26) | 1869.43 | +0.8 | 9.38 | 4.78 | 15.86 | 3.12 | 1853.67 | 1883.36 | 1863.84 | 1781.34 |
| 6 Engineering-Aerospace (8) | 459.94 | +0.2 | 15.23 | 5.44 | 7.93 | 8.86 | 458.94 | 469.23 | 463.55 | 441.14 |
| 7 Engineering-General (47) | 461.88 | | 12.44 | 5.68 | 9.70 | 6.28 | 461.93 | 466.13 | 467.31 | 464.61 |
| 8 Metals and Metal Forming (8) | 490.35 | -0.2 | 18.60 | 7.04 | 6.64 | 0.59 | 491.45 | 501.78 | 506.16 | 481.56 |
| 9 Motors (13) | 357.09 | +1.1 | 12.35 | 6.69 | 9.52 | 6.55 | 353.30 | 352.71 | 348.79 | 344.98 |
| 10 Other Industrial Materials (20) | 1562.09 | -0.4 | 9.19 | 5.19 | 12.85 | 28.97 | 1568.83 | 1575.01 | 1574.36 | 1561.33 |
| 21 CONSUMER GROUP (185) | 1473.37 | +0.6 | 8.32 | 3.61 | 14.89 | 9.69 | 1464.88 | 1467.56 | 1472.64 | 1298.47 |
| 22 Brewers and Distillers (22) | 1789.34 | +1.1 | 8.98 | 3.62 | 13.72 | 14.76 | 1769.73 | 1767.76 | 1779.89 | 1402.22 |
| 25 Food Manufacturing (20) | 1203.36 | -0.1 | 9.40 | 4.05 | 13.10 | 15.95 | 1204.57 | 1206.23 | 1208.53 | 1052.10 |
| 26 Food Retailing (16) | 2837.37 | +0.4 | 7.71 | 2.74 | 16.93 | 4.34 | 2827.09 | 2824.42 | 2824.07 | 2546.09 |
| 27 Health and Household (21) | 3242.41 | +1.3 | 6.26 | 2.61 | 18.99 | 17.67 | 3200.61 | 3222.91 | 3266.59 | 2547.67 |
| 29 Hotels and Leisure (21) | 1375.49 | +0.6 | 10.07 | 5.01 | 11.68 | 9.39 | 1367.61 | 1370.69 | 1376.41 | 1398.13 |
| 30 Media (24) | 1511.48 | +0.2 | 9.17 | 4.48 | 13.74 | 14.07 | 1508.47 | 1509.60 | 1495.03 | 0.00 |
| 32 Packaging, Paper & Printing (16) | 683.01 | +0.4 | 8.18 | 4.83 | 15.30 | 5.03 | 680.34 | 680.45 | 677.86 | 565.72 |
| 34 Stores (34) | 929.02 | -0.2 | 8.95 | 3.88 | 14.49 | 2.21 | 930.42 | 930.89 | 926.65 | 731.26 |
| 35 Textiles (11) | 545.49 | -0.4 | 9.73 | 5.91 | 12.97 | 2.61 | 547.43 | 549.26 | 551.11 | 483.95 |
| 40 OTHER GROUPS (88) | 1225.96 | +0.4 | 9.85 | 4.93 | 12.45 | 8.15 | 1221.16 | 1225.29 | 1225.85 | 1120.28 |
| 41 Business Services (13) | 1251.93 | -0.1 | 10.92 | 4.82 | 11.21 | 2.85 | 1233.29 | 1232.18 | 1217.93 | 0.00 |
| 42 Chemicals (21) | 1276.48 | +0.3 | 9.14 | 5.61 | 12.55 | 23.33 | 1272.52 | 1271.66 | 1274.35 | 1187.95 |
| 43 Conglomerates (10) | 1547.48 | -0.4 | 10.84 | 6.64 | 11.63 | 10.66 | 1554.07 | 1564.96 | 1573.24 | 1581.41 |
| 44 Transport (14) | 2191.72 | -0.3 | 11.19 | 4.71 | 10.90 | 6.97 | 2199.39 | 2218.47 | 2215.14 | 2165.26 |
| 45 Electricity (14) | 1179.86 | +1.1 | 11.75 | 3.65 | 10.66 | 0.00 | 1167.24 | 1158.69 | 1154.71 | 0.00 |
| 46 Telephone Networks (4) | 1463.63 | +1.1 | 9.05 | 3.41 | 14.33 | 1.00 | 1461.63 | 1466.02 | 1464.89 | 1106.41 |
| 47 Water (10) | 2523.62 | +0.7 | 13.44 | 5.55 | 8.32 | 39.69 | 2505.29 | 2498.09 | 2493.20 | 1857.89 |
| 48 Miscellaneous (22) | 1904.99 | -0.6 | 6.35 | 4.90 | 20.05 | 21.39 | 1916.03 | 1919.30 | 1937.38 | 1778.76 |
| 49 INDUSTRIAL GROUP (480) | 1252.15 | +0.3 | 9.40 | 4.42 | 13.09 | 9.99 | 1248.44 | 1251.83 | 1253.63 | 1103.56 |
| 51 Oil & Gas (20) | 2395.35 | +0.8 | 10.81 | 5.56 | 12.08 | 38.85 | 2376.02 | 2384.45 | 2391.72 | 2245.16 |
| 59 [illegible] SHARE INDEX (500) | 1349.66 | +0.4 | 9.58 | 4.57 | 12.95 | 11.66 | 1344.78 | 1348.57 | 1350.79 | 1198.79 |
| 61 FINANCIAL GROUP (97) | 840.00 | +0.6 | | 5.83 | | 15.07 | 834.84 | 841.57 | 843.58 | 799.92 |
| 62 Banks (9) | 941.46 | +0.9 | 7.78 | 5.81 | 18.51 | 21.93 | 933.51 | 940.61 | 950.08 | 866.26 |
| 65 Insurance (Life) (7) | 1545.82 | +0.4 | | 5.19 | | 38.87 | 1540.26 | 1551.77 | 1557.10 | 1274.44 |
| 66 Insurance (Composite) (6) | 702.69 | +0.7 | | 6.24 | | 11.60 | 697.76 | 705.33 | 704.24 | 633.66 |
| 67 Insurance (Brokers) (8) | 1184.60 | +0.8 | 6.18 | 5.67 | 21.09 | 20.10 | 1174.88 | 1175.63 | 1195.67 | 1042.32 |
| 68 Merchant Banks (7) | 421.20 | -0.2 | | 4.82 | | 3.90 | 422.31 | 427.91 | 431.11 | 452.56 |
| 69 Property (40) | 1025.08 | +0.6 | 6.33 | 4.57 | 21.54 | 3.69 | 1018.99 | 1025.29 | 1023.54 | 1149.80 |
| 70 Other Financial (20) | 289.95 | -0.3 | 9.63 | 6.23 | 12.81 | 3.59 | 290.80 | 293.15 | 293.49 | 312.60 |
| 71 Investment Trusts (69) | 1212.13 | +0.6 | | 3.99 | | 10.52 | 1205.50 | 1211.98 | 1213.40 | 1141.86 |
| 99 ALL-SHARE INDEX (666) | 1224.72 | +0.4 | | 4.68 | | 12.18 | 1219.80 | 1224.17 | 1225.31 | 1101.24 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Apr 10 | Apr 9 | Apr 8 | Apr 5 | Apr 4 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2531.6 | +12.8 | 2532.1 | 2518.1 | 2518.8 | 2527.2 | 2529.9 | 2545.3 | 2524.5 | 2222.1 |

### FIXED INTEREST

| | PRICE INDICES | Thu Apr 11 | Day's change % | Wed Apr 10 | Accrued Interest | xd adj. 1991 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years (28) | 120.85 | ......... | 120.85 | 1.58 | 3.52 |
| 2 | 5-15 years (30) | 132.39 | +0.12 | 132.23 | 2.10 | 3.87 |
| 3 | Over 15 years (8) | 139.90 | +0.30 | 139.48 | 1.54 | 4.05 |
| 4 | Irredeemables (6) | 156.16 | +0.07 | 156.05 | 3.81 | 1.50 |
| 5 | All stocks (72) | 131.00 | +0.10 | 130.87 | 1.92 | 3.79 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years (1) | 157.88 | ......... | 157.87 | -0.31 | 2.72 |
| 7 | Over 5 years (10) | 147.11 | +0.08 | 147.00 | 0.79 | 1.16 |
| 8 | All stocks (11) | 147.96 | +0.07 | 147.85 | 0.75 | 1.21 |
| 9 | Debs & Loans (54) | 109.88 | +0.07 | 109.80 | 2.29 | 2.65 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thu Apr 11 | Wed Apr 10 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 9.13 | 9.15 | 11.80 |
| 2 | Coupons | 15 years | 9.51 | 9.56 | 11.40 |
| 3 | (0%-7¾%) | 20 years | 9.63 | 9.67 | 11.28 |
| 4 | Medium | 5 years | 10.15 | 10.14 | 13.00 |
| 5 | Coupons | 15 years | 9.95 | 9.97 | 11.91 |
| 6 | (8%-10¾%) | 20 years | 9.90 | 9.93 | 11.46 |
| 7 | High | 5 years | 10.29 | 10.29 | 13.11 |
| 8 | Coupons | 15 years | 10.11 | 10.15 | 12.21 |
| 9 | (11%-) | 20 years | 10.05 | 10.10 | 11.73 |
| 10 | Irredeemables | † | 9.93 | 9.93 | 11.27 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | Up to 5yrs | 3.73 | 3.72 | 4.81 |
| 12 | Inflation rate 5% | Over 5 yrs | 4.10 | 4.10 | 4.17 |
| 13 | Inflation rate 10% | Up to 5yrs | 2.93 | 2.92 | 3.74 |
| 14 | Inflation rate 10% | Over 5 yrs | 3.92 | 3.92 | 3.98 |
| 15 | Debs & | 5 years | 11.86 | 11.86 | 16.40 |
| 16 | Loans | 15 years | 11.64 | 11.64 | 14.37 |
| 17 | | 25 years | 11.43 | 11.43 | 13.59 |

♦Opening index 2518.3; 9 am 2530.4; 10 am 2525.0; 11 am 2526.9; Noon 2521.9; 1 pm 2520.2; 2 pm 2521.0; 2.30 pm 2523.2; 3 pm 2526.1; 4.10 pm 2531.8; (a) 4.04pm (b) 8.31pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 41 | 18 | 24 |
| [illegible] and Foreign Bonds | 6 | 1 | 13 |
| [illegible] | 274 | 274 | 997 |
| Financial and Properties | 153 | 93 | 500 |
| Oils | 22 | 20 | 50 |
| Plantations | 0 | 0 | 10 |
| Mines | 29 | 24 | 109 |
| Others | 67 | 45 | 58 |
| Totals | 592 | 475 | 1,761 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price p | +or - | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price £ | +or - |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991 High | 1991 Low | Stock | Closing Price p | +or - |
|---|---|---|---|---|---|---|---|
| 255 | Nil | – | 50pm | 49pm | BPP 10p | 49pm | –1 |
| 800 | Nil | 17/6 | 155pm | 94pm | Bass | 115pm | –10 |
| 220 | Nil | – | 30pm | 28pm | Bellway | 28pm | |
| 255 | Nil | 31/5 | 67pm | 60pm | Berkeley Group | 67pm | +7 |
| 157 | Nil | – | 4pm | 2pm | F & C Eurotrust | 3pm | +1 |
| IR£2.75 | Nil | – | ½pm | ¼pm | Gaelic Resources | ¼pm | |
| 155 | Nil | 25/4 | 42pm | 32pm | Hartstone 10p | 41pm | +1 |
| 90 | Nil | – | 17pm | 8pm | Babcock Johnsen | 8pm | |
| A$5.25 | Nil | 24/5 | 21pm | 13pm | Nat. Australia Bank A$1 | 15pm | +1 |
| 295 | Nil | – | 40pm | 36pm | Ocean Group | 37pm | |
| 230 | Nil | 9/5 | 38pm | 26pm | Persimmon 10p | 37pm | –1 |
| 10 | Nil | 8/5 | 11½pm | 5pm | Saatchi & Saatchi 10p | 7½pm | –½ |
| 200 | Nil | 10/5 | 38pm | 21pm | Sage 5p | 22pm | |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

### TRADITIONAL OPTIONS

● First Dealings April 8
● Last Dealings April 19
● Last Declarations July 11
● For settlement July 22

*For rate indications see end of London Share Service*

Calls in Berisford Intl., Brent Walker, Budgens, Erskine House, Hughes Food, Inshops, Medeva, Next, Oliver Res., Racal Elects., Rosehaugh, Stakis, TNT, Tusker Res. and WPP warrants. Put and call in Tusker Res.

### [illegible] TRADED OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*513) | 500 | 20 | 35 | [illegible] | [illegible] | 20 | 27 |
| | 550 | 2 | 14 | [illegible] | [illegible] | 53 | 55 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Land Secur (*538) | 500 | 43 | 53 | 59 | 2 | 7½ | [illegible] |
| | 550 | 7½ | 19 | 33 | 17 | 33 | [illegible] |
| | 600 | 1 | 6½ | 14 | 63 | 71 | [illegible] |
| M & S (*261) | 260 | 7½ | 16½ | 25½ | 6 | 13 | 16 |
| | 280 | – | 8 | 17 | – | 26 | 28 |
| Sainsbury (*388) | [illegible] | 31 | 42 | [illegible] | 2 | 7½ | 10 |
| | [illegible] | 7½ | 22 | [illegible] | 7½ | 19 | 22 |
| Shell Trans. (*490) | [illegible] | 35 | 58 | [illegible] | 3 | 9 | 16 |
| | [illegible] | 6 | 27 | [illegible] | 16 | 25 | 34 |
| Storehouse (*117) | [illegible] | 9 | [illegible] | 17 | 3 | 7 | 9 |
| | [illegible] | 3 | [illegible] | 11 | 8 | 12 | 14 |
| Trafalgar (*298) | [illegible] | 23 | 28 | 38 | 3½ | 14 | 19 |
| | [illegible] | 8 | 19 | 30 | 9 | 24 | 29 |

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Utd. Biscuits (*380) | 360 | 24 | 40 | 50 | 2 | 7½ | [illegible] |
| | 390 | 4½ | 22 | 30 | 12 | 20 | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Tesco (*287) | 280 | 12 | 23 | 28 | 8 | 11 | 13 |
| | 300 | 4 | 13 | 19 | 20 | 22 | 25 |
| Thames Water (*315) | 300 | 24 | 30 | 34 | [illegible] | 13 | 16 |
| | 330 | 6 | 13 | 18 | [illegible] | 30 | 32 |

| Option | | Calls Apr | Calls Jul | Puts Apr | Puts Jul |
|---|---|---|---|---|---|
| STC (*320) | 300 | – | – | – | ¼ | ¼ | – |
| | 330 | ¼ | – | – | – | – | – |

| Option | | Calls Jun | Calls Sep | Calls Dec | Puts Jun | Puts Sep | Puts Dec |
|---|---|---|---|---|---|---|---|
| Abbey Nat. (*284) | 260 | 32 | 37 | 46 | 4 | 7 | 8 |
| | 280 | 18 | 25 | 34 | 9½ | 13 | 15 |
| Amstrad (*78) | 70 | 12 | 17 | 19 | 3 | 6 | 7 |
| | 80 | 6½ | 11 | 13½ | 6½ | 10 | 12 |
| [illegible] | [illegible] | 69 | [illegible] | [illegible] | 7 | 14 | 18 |
| | [illegible] | 1 | [illegible] | [illegible] | 18 | 30 | 33 |

| Option | | Calls Jun | Calls Sep | Calls Dec | Puts Jun | Puts Sep | Puts Dec |
|---|---|---|---|---|---|---|---|
| Blue Circle (*260) | 260 | [illegible] | 26 | 32 | 15 | 19 | 22 |
| | 280 | [illegible] | 17 | 22 | 27 | 30 | 33 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

FT-SE INDEX (*2532)

| | 2300 | 2350 | [illegible] | 2450 | 2500 | 2550 | 2600 | 2650 |
|---|---|---|---|---|---|---|---|---|
| CALLS | | | | | | | | |
| Apr | 242 | 193 | 144 | 102 | 62 | 32 | 14 | 4½ |
| May | 255 | 210 | 167 | 127 | 92 | 62 | 40 | 23 |
| Jun | 274 | 232 | 192 | 153 | 120 | 90 | 64 | 45 |
| Jul | 292 | 249 | 212 | 173 | 140 | 110 | 84 | 63 |
| Dec † | 360 | – | 290 | – | 228 | – | 170 | – |
| PUTS | | | | | | | | |
| Apr | 2½ | 4½ | 7 | 12 | 25 | 49 | 85 | 129 |
| May | 9 | 13 | 19 | 29 | 46 | 68 | 98 | 135 |
| Jun | 14 | 19 | 28 | 40 | 58 | 79 | 108 | 143 |
| Jul | 19 | 27 | 37 | 50 | 67 | 87 | 115 | 149 |
| Dec † | 43 | – | 70 | – | 107 | – | 152 | – |

April 11 Total Contracts 28,525
Calls 20,298 Puts 8,227
FT-SE Index Calls 3,366 Puts 1,772
Euro FT-SE Calls 2,154 Puts 1,935
*Underlying security price. † Long dated expiry months. Premiums shown are based on offer prices.

# Medeva makes £4m in first year

By Clive Cookson

MEDEVA, the independent pharmaceutical [illegible] yesterday announced pre-tax profits of £4.01m on turnover of £52.62m in 1990, its first [illegible] operation.

The group [illegible] formed in January 1990 when [illegible], a three-year-old loss-making research-based company, raised £87m through a rights issue to buy Evans Medical, a manufacturer of vaccines and generic drugs – unbranded versions of medicines no longer protected by patents.

Since then Medeva has spent a total of £37m on a series of acquisitions in the UK, including Thomas Kerfoot, a smaller generic manufacturer, Wellcome's vaccines business and five branded drugs from SmithKline Beecham.

The group has raised £19.8m through disposals. Most important was the sale of Evans' non-prescription drug business to Boots for £18.5m; this contributed £15.8m to the extraordinary credit.

Medeva is now the UK's largest manufacturer of generic drugs and its only manufacturer of human vaccines. But the group is overwhelmingly dependent on sales to the National Health Service – only 15 per [illegible] turnover [illegible] outside [illegible] UK.

Mr Bernard Taylor, chairman, said yesterday that the priority for 1991 would be to expand overseas "through alliances and [illegible]quisitions wherever good opportunities arise".

The group has no borrowings, indeed [illegible] ended the year with £7m net cash. "We're not aiming to become a geared company," said Mr Ian Gowrie-Smith, managing director. Acquisitions would be funded by asking shareholders to put up more money.

Ironically, Medeva yesterday announced the breaking of virtually its last link with the old Medirace business. It is to stop developing Contracan, an experimental treatment [illegible] cancer and AIDS.

On the other hand, Medeva said it had acquired world rights from University College, London, to exploit Mycobacterium vaccae, a micro-organism which can be used like a vaccine to boost the immune system of leprosy and tuberculosis patients. It may have long-term potential for treating diseases such as arthritis.

There was an additional gain of £16.36m on extraordinary items, largely relating to the proceeds from disposals.

Earnings came to 3.4p per share. The company is to pay a maiden dividend of 0.75p.

Analysts expect the group to make pre-tax profits of about £9m in 1991.

# TVS sets deadline for MTM sale

By Raymond Snoddy

TVS ENTERTAINMENT will today issue an ultimatum on the sale of MTM, its US production subsidiary.

The ITV franchise-holder for the south of England will tell the leading potential purchaser that it must sign an agreement within the next 48 hours.

It is believed that the main potential purchaser, a leading US television production [illegible], is only offering [illegible] $70m (£39.55m) for MTM.

MTM, which has made such programmes as Hill Street Blues and Lou Grant, cost TVS $320m.

TVS, it is believed, is unwilling to sell the company unless the offer is increased. The company will take MTM off the market, rather than sell at a "distress" price.

The ITV company must submit its bid to retain its franchise by noon on May 15.

The management clearly hoped that it could sell MTM before then, so that it could make a "clean" bid for the southern England franchise.

Considerable competition is likely for the lucrative franchise. Bidders are expected to include MAI, the advertising and financial services joint venture between Mr David Frost and Mr Richard Branson's Virgin group and Mr Michael Green's Carlton Communications.

# Hewden Stuart slides to £25.2m

By Clare Pearson

[illegible] MATTHEW Goodwin, chairman of Hewden Stuart, the UK's biggest independent plant hire company, yesterday warned that trading conditions would get significantly worse before any recovery occurred in the construction industry.

He pointed [illegible] falling volumes of new orders, the absence of any real uplift in the housing market and severe price cutting recently as competitors had endeavoured to boost turnover.

His warning came as Hewden Stuart reported [illegible] 30 per [illegible] drop in [illegible] profits from £36.16m to [illegible] for [illegible] year to end-January.

He said he expected that profits for the first-half would be "markedly lower" than last time's £15.66m, itself a 19 per cent drop on the previous year.

However, by this time next year [illegible] expected [illegible] able [illegible] strike [illegible] much more optimistic note on the short-term outlook.

He [illegible] that [illegible] group's cash flow had run at [illegible] than £1m per week last year, only slightly down on previous year levels. The company had been able to finance [illegible]pital expenditure of more than £33m while gearing was reduced to "almost nominal proportions."

Reflecting that strength, the [illegible] dividend is being lifted to 2.175p making 3p (2.75p) for the year. Earnings per share fell to 9.14p (13.46p).

Turnover [illegible] down [illegible] [illegible]04.69m [illegible], the biggest fall coming in sales of construction equipment through [illegible] merchandising division, which fell to £69m (£83m).

This suffered as custom[illegible] clamped down [illegible] capital expenditure towards the end of the year. Meanwhile, increases in corporate failures meant the hire division was hit by a substantial increase in bad debts. Bad debt provisions rose to 1.1 per cent of turnover against 0.6 per cent in 1989.

**● COMMENT**

Sir Matthew Goodwin has seen it all before: Hewden Stuart actually slipped [illegible] in 1981. It looks as if the company, easily the best-regarded in the fragmented and entrepreneurial plant hire world, is doing rather better this time. One handy thing about its very low gearing is that this year it will be able to pick up equipment as others go under or pull [illegible] of [illegible] business; though Sir Matthew says there aren't many suitable opportunities around, it did buy some equipment from Hertz when it closed down [illegible] UK plant rental business [illegible] few weeks ago. Pre-tax profits this time may be slightly lower than the £15.7m it made at the interim stage, but look set to rocket up again to about £25m in 1992. The trouble with the shares is that, after a wonderful [illegible] run, they now stand on a prospective p/e of nearly 16 even if you take the highest profits [illegible]. There should be [illegible] [illegible] in the dividend, though.

# British Steel sells Victaulic stake

BRITISH STEEL announced yesterday that it had sold its holding [illegible] 4.37m ordinary shares in Victaulic, the manufacturer of plastic pipelines, for £20.3m, writes Michiyo Nakamoto.

The shares, which represent a 20 per cent stake in the company, were placed with institutional investors.

The [illegible] welcomed [illegible] announcement and Victaulic shares rose 12p to 494p. [illegible] lack of liquidity in the shares had been [illegible] negative factor on the market for the company.

Victaulic, which started out as part of British Steel's tubes division, became [illegible] in 1983 when it was bought by employees and management in one of Britain's biggest employee buy-outs at the time.

British Steel had retained a 30 per cent [illegible] in the company but this was [illegible] when the company was floated in 1988.

The disposal makes the Prudential the largest shareholder in the company.

# Whitecroft shares dive on dividend warning

By [illegible] Urry

SHARES IN Whitecroft, [illegible] textiles, lighting, building products and property development group, yesterady fell by 30p to 170p when the group warned that it would cut its final dividend after a difficult second half.

It also announced plans to withdraw from commercial property development and sell its housebuilding operations.

At yesterday's closing price the group's market value is £58m.

Whitecroft warned that the second half of the year, to end-March, would achieve profits "significantly below the level achieved in the first half."

At the interim stage the group reported pre-tax profits [illegible] £3.6m, down from £7.3m, and analysts are now looking for about £6m for the full [illegible] against £16.5m previously.

Before yesterday's announcement the market had been expecting profits of up to £9m, although earlier estimates had been higher.

The interim dividend [illegible] unchanged at 4.6p, but the final will be reduced from the 10.4p paid for [illegible].

One cause of the profits warning was the deferral of a number of disposals of commercial properties, although these are expected to be completed in coming months.

The textiles and building products sides were hit by weak consumer demand.

Whitecroft has now decided to pull out of commercial property. It would complete proper[illegible] under construction and sell them in an orderly manner. The development portfolio [illegible] valued at £30m in [illegible] 1990 balance sheet.

The housebuilding business, based in the north[illegible] England and Yorkshire, had made profits [illegible] £1.9m in 1989-90 and "[illegible]factory" profits in the latest year. Ana[illegible] this side could fetch more than £10m.

Mr Peter Goold, chairman, said the sales of property and housebuilding would cut gearing which had risen from the 75 per cent reported at the interim stage.

## Maxiprint suspended

Maxiprint has requested a suspension of trading in its shares pending an announcement regarding the planned £7m acquisition of Decisionware, a software specialist.

# Simon launches £52m agreed offer for Robertson Group

By Richard Gourlay

SIMON ENGINEERING, the equipment services and manufacturing group, yesterday announced a recommended bid for Robertson Group valuing the provider of services to the natural resources industry at £52m.

The offer of five new Simon shares for 18 Robertson shares values each Robertson share at 100.8p, and represents a 49 per cent premium over the market price before news of an imminent bid broke on April 2.

There is also a full cash alternative at 90.3p per share.

Simon said the merger would lead to a substantial expansion of its industrial services division and an enhanced geotechnical business at a time when worldwide oil and gas exploration was likely to increase.

The geotechnical division in [illegible] expanded group [illegible] account for 10.9 per cent of sales. It would also increase the size of the international environmental consultancy.

Mr Brian Kemp, Simon's chief executive, said Robertson's interests in North America made a good geographical and business fit with Simon's interests in Europe, Africa and the Far East.

Simon's offer is 25 times this year's prospective earnings. Robertson issued [illegible] profits warning in March [illegible] of negative factors that will not be repeated next year.

Mr Roy Bichan, Robertson chairman, said the company had been hit by the Gulf war and the UK recession. Projects in countries that supported Iraq had been delayed [illegible] suspended and the petroleum and minerals division had been hit partly because senior oil executives had been prevented from travelling to meetings during the war.

[illegible] reported pre-tax profits in the year to March [illegible] from [illegible] of [illegible] forecast pre-tax profits of £4.8m for 1991-92. A[illegible]ming post-acquisition savings of [illegible] further £1m [illegible] pre-tax level, giving earnings per share [illegible] 7.4p, Simon appears to have paid [illegible] high price [illegible] 13 times earnings, analysts said.

Hill [illegible] acting [illegible] Simon and Kleinwort Benson [illegible] Robinson.

# Fitch-RS omits final payment

[illegible] Alice Rawsthorn

FITCH-RS, the design [illegible] yesterday announced that it would not pay a final dividend after sustaining a fall, from £3.71m to £51,000, in pre-tax profits last year before a property write-down of £6.59m.

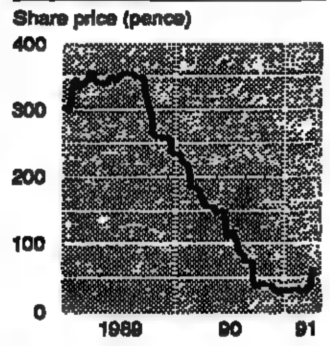
Mr Rodney Fitch, chairman, described 1990 as "the most difficult year yet" for the group which has been affected by a downturn in demand for design services in the UK and by a steep rise in borrowings and overheads following its move to new headquarters in King's Cross, London.

Group turnover fell to [illegible] in 1990. Fitch [illegible] of 9.8p ([illegible] of 34.2p). The shares fell by [illegible] on the [illegible].

One of Fitch's biggest problems is the cost of its Kings Cross headquarters, which left it with £7m in net debt at the year end. It has written down the value of the freehold and of [illegible] unlet space in [illegible] as [illegible] extraordinary [illegible] of £6.59m (credit [illegible] £2.83m).

**Fitch RS**

Share price (pence)




Source: Datastream

Fitch is exploring ways of cutting property [illegible]. Mr Martin Beck, the head of [illegible] US interests [illegible] appointed [illegible] chief executive [illegible] month, said options being considered included the sale and leaseback of the Kings Cross building.

"The sooner we can find a solution on the property front, the sooner we will return to healthy profitability and be [illegible] to pay dividends again."

The downturn in [illegible] UK market forced Fitch [illegible] rationalise in 1990. It has cut annual costs in London by £4m, or a third, and reduced its overall workforce from 550 in early 1990 to 400. Redundancy costs produced an exceptional charge of £656,000.

[illegible] Mr Beck's [illegible] three main board directors have [illegible] the group, including Mr Max Frost, finance director. [illegible] replacement is being sought.

Mr Beck said the UK market had continued to struggle this year, but Fitch was still faring well elsewhere in Europe and with RichardsonSmith, its US product design company.

# Pittard plummets to £5.8m deficit

By Richard Gourlay

PITTARD GARNAR, one of the UK's two quoted leather manufacturers, yesterday reported a sharp fall into losses after being hit by a collapse in the price of sheepskins.

The company reported a pre-tax deficit for the year to December 31 of £5.75m (profits £4.04m) and did not propose a final dividend (4.15p), leaving the total pay-out for the year at 0.25p (6.1p). Losses per share amounted [illegible].

The group made exceptional provisions of £3.17m against the loss on stock as British sheepskin prices plunged from £6.90 to £2.50 per skin over a four-month period, thus exposing Pittard to heavy customer default.

The exceptional items totalled £5.03m after the inclusion [illegible] bad debts, refinancing costs and rationalisation provisions. The cost of rationalising discontinued businesses added [illegible] further £1.84m in extraordinary provisions.

The group [illegible] its [illegible] £21.7m (£30.4m), giving gearing of 67 per cent.

Mr David Macdonald, chairman, said the group was being more selective with its customers and had got stocks under control.

# AB Electronic plunges by £7.4m to losses of £2m

[illegible] ELECTRONIC Products, [illegible] electronic components manufacturer, yesterday reported a pre-tax [illegible] in the [illegible] months to [illegible] 31, compared to prof[illegible] last time. The [illegible] fell [illegible] 131p in response, writes Roland Rudd.

The group [illegible] passing the interim dividend [illegible].

Mr Edwin Merrette, managing director, warned that he did not expect better results for the second half but said the group hoped to be back in profit in the next financial year.

It is re-negotiating its borrowing facilities after an increase in debt from £21.1m to £39m, representing 90 per cent of shareholders' funds.

Mr Merrette said the group was planning a series of disposals to bring down borrowings by the end of the year. The company will then concentrate on its core assets.

Turnover fell to £115.94m (£122.95m) and fully diluted losses per share came to 5.6p (earnings 11.7p).

**● COMMENT**

The disappointing results were in line with expectations. The nasty surprise was contained in the high level of gearing – which has more than doubled – and the low level of sales. The company promises to put both right by the end of September. But then it has been promising that for the best part of a year. At least the group did not compound its problems by announcing a rights issue to buy itself out of them. However, with no signs of real improvement until the next financial year, most investors would be well advised to wait and see whether the company can deliver any of its promises.

## DIVIDENDS ANNOUNCED

| | [illegible] payment | Date of payment | [illegible]-ponding [illegible] | Total for year | Total last year |
|---|---|---|---|---|---|
| AB Electronic ........int | nil | - | [illegible] | - | 17.5 |
| Barry [illegible] ......int | 2.4† | May [illegible] | 2.2 | - | [illegible] |
| BHH ......fin | nil | - | 2 | 1 | 4 |
| Billam [illegible] ......fin | 2.4 | [illegible] | [illegible] | 4.04 | [illegible] |
| Bodycote [illegible] ......fin | 5.5† | July 1 | 5 | 8.75 | [illegible] |
| [illegible] ......int | 0.88 | [illegible] 20 | 0.8* | - | [illegible] |
| Fitch-RS ......fin | nil | - | [illegible] | [illegible] | [illegible] |
| Hampden H'care § ...fin | nil | - | [illegible] | [illegible] | [illegible] |
| Hewden Stuart ......fin | [illegible] | July 16 | 2 | [illegible] | [illegible] |
| Lamont ......fin | 6.5 | July [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] ......fin | 2.5 | July [illegible] | 5.5 | 4.5 | [illegible] |
| McLaugh & Hrvy ......fin | [illegible] | May 24 | 6.75 | 10 | 10 |
| Medeva ......fin | [illegible] | [illegible] 31 | - | 0.75 | - |
| Pittard Garner ......fin | nil | - | 4.15 | 0.25 | [illegible] |
| [illegible] ......fin | [illegible] | May 28 | 3.4 | 6.1 | [illegible] |

Dividends [illegible] pence per [illegible] where [illegible]. *Equivalent [illegible] allowing for [illegible]. †On [illegible] by rights [illegible] acquisition [illegible]. §USM stock.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Rosehaugh.

Finals- Anglo American Gold Inv, Associated Farmers, Dinkie Heel, F & C Pacific Inv Trust, Helene, Jacks (William), Malaysia Mining, Radiotrust, Scottish Heritable Trust, Waterford Foods, Wembley.

FUTURE DATES

| | |
|---|---|
| Interims- | |
| Amber Day | Apr. 15 |
| Barrett (Henry) | Apr. 15 |
| Fairline Boats | May 21 |
| Finals- | |
| Asda Property | Apr. 15 |
| CSC Inv Trust | Apr. 19 |
| Eastern Electricity | July 2 |
| Eidos | Apr. 18 |
| LIT | Apr. 16 |
| Lep | Apr. 18 |
| Ptarmigan | Apr. 22 |
| Roskel | Apr. 19 |
| Ryan Hotels | Apr. 25 |
| Tarmac | Apr. 23 |

# Preston pans conflict over culture change

## James Buxton profiles Scottish Power and its strong position in the generation game

MR IAN Preston, the chief executive of Scottish Power, his three top managers and their staff recently sealed them[illegible] off in an executive suite [illegible] one end [illegible] the electricity company's headquarters in Glasgow.

It was not an act of escape from the frenzy of the company's impending flotation at the end of May but the introduction of a new management system which involves creating a corporate head office physically separate from the managing directors of the individual divisions reporting to it. Next year the head office will move to another part of Glasgow.

"If the top executives are always around, the natural thing for people down the line is to get us to take the decisions, and the natural thing for us is to second-guess them," says Mr Preston. "With the senior executives physically [illegible] the managers will now have to take responsibility in their delegated areas. It will increase performance and release the potential there."

Scottish Power is easily the larger of the two Scottish electricity companies which are being privatised. It supplies the populous and industrial southern part of Scotland with 1.7m domestic customers and most of Scotland's big industrial users.

It has access to a flexible mixture of generating capacity: it has its own coal-fired, oil and hydro-electric plants, uses nuclear from the state-owned Scottish Nuclear, and from [illegible] will [illegible] lion's [illegible] of [illegible] Hydro-Electric's [illegible] fired output from cheap untreated gas fed from the Miller field in the North Sea. It is the third biggest generator in the UK after National Power and PowerGen, and had sales in 1989-90 of £1.1bn. When floated it is likely to join the FT-SE 100-share index.

But followers of the industry have said that the company was initially sluggish in changing its culture from that of a public service utility to a profit-oriented plc, and some drew


unfavourable comparisons with Hydro-Electric which began restructuring before Scottish Power and was nimbler in signing power supply contracts when trading began last year.

Critics pointed out that although Scottish Power had the all-round skills of an integrated electricity company – generating, transmitting and distributing power – its expertise under Sir Donald Miller, its chairman, developed primarily in engineering and project management rather than in the commercial world of the new electricity industry.

Mr Preston does not [illegible] that Scottish Power was "sluggish" in adapting [illegible] privatisation, but he points [illegible] that the company is a large organisation, employing 9,500 people, and had [illegible] cope with last year's traumatic divorce from Scottish Nuclear, the state-owned company which now runs the relatively efficient nuclear plants of which Scottish Power was so proud.

Though he doesn't [illegible] so, Hydro-Electric [illegible] much smaller, has no nuclear plants and almost all its old management retired when privatisation loomed, permitting sweeping changes.

"With [illegible] bigger organisation, [illegible] to bring in more key people from the private sector," says Mr Preston. "But we were never a flabby animal within the context of the electricity industry, though that's not to say that there aren't efficiency gains to be made." Scottish Power expects to accelerate a programme that has seen staff numbers decline by 200 a year as efficiency improves.

The company has now been divided up into six [illegible] businesses – such as generation, transmission and supply – each expected to make a profit. Staff are increasingly being set targets backed by performance-related pay, though only 1 per cent of staff are so far on this form of incentive, compared with 2.1 per cent at Hydro-Electric.

Though the Scottish economy has suffered less from recession than that of England, Scottish Power's sales to its local customer base are expec-

Ian Preston: we were never a flabby animal

ted to grow by only about 1 per cent a year: industrial sales will be affected by the run-down of British Steel's Ravenscraig plant and the possible closure of the Rosyth naval base, and domestic business could be lost to British G[illegible].

The company, however, is in the happy position of being barely threatened by competition from other electricity companies: with Scotland having surplus generating capacity of up to 50 per cent, depending on how one measures it, there is no scope for independent generators, and, with Scottish electricity relatively cheap, Scottish Power lost only 1 per cent of its industrial customers in the contract rounds last year.

The growth will come from south of the border: thanks to power trading, Scottish Power sold 7 per cent of its output to England last year in [illegible] mixture [illegible] pool trading and option sales.

The company's exports could almost treble over the next few years when a project to increase the size of the interconnecting power lines, which limit Scottish Power's export capacity to only 350MW, goes ahead. The scheme will cost the company about £100m.

The Government, aware of Scottish Power's advantages and noting last year's operating profit of £204m, is driving a hard bargain in selling it. Unlike the regional electricity companies it set a regulatory regime that will force Scottish Power to keep its tariff rises just below inflation. It is likely to be floated with a gearing [illegible] of about [illegible] per cent, though Mr Duncan Whyte, finance director, [illegible] that should fall slightly thereafter.

The Government [illegible] also imposing tough [illegible] controls on the company which will oblige it to spend between [illegible] and £400m fitting [illegible]ment to scrub sulphur dioxide from its 2,400MW coal-burning plant at Longannet near Edinburgh. That expenditure will have to start within five years and may begin within two to three years, Mr Preston says, with a large tranche committed in the first two years of construction.

The alternative would be to cut back plans to export power to England. But Scottish Power regards that as an essential part of its plans for life in the private sector.

# Expanding Bodycote improves to £10.6m

**By Clare Pearson**

BODYCOTE International, the metal technology group which also has interests in packaging and textiles, yesterday announced a £2.5m placing [illegible] 1m new ordinary shares at the same time as it unveiled pre-tax profits up from £9.81m to £10.55m in 1990.

Mr Joe Dwek, chairman, said the proceeds would go towards funding recent acquisitions in the core metal technology division. The placing was also aimed at improving the marketability of the tightly-held share capital.

The placing, which represents about 4 per cent of the enlarged share capital, is at 250p. Bodycote's shares were unchanged yesterday at 265p.

The metal technology division last year contributed about half of pre-interest profits after achieving a 24 per cent rise to £5.93m (£4.79m).

Mr Dwek said the divisional increase was mostly organic, with all the vacuum heat treatment centres achieving record profits reflecting their increasing importance to the aerospace industry.

In addition, several investment projects had been completed: notably the "New Dimension" plant at Rotherham, which Mr Dwek said was the UK's first computer controlled subcontract heat treatment facility.

Last month, Bodycote expanded the division with the purchases of HIP, involved in industrial application of Hot Isostatic Pressing, and Infutec, engaged in new techniques for joining metal.

Last December, Bodycote raised £11.8m through the disposal of Skelmersdale, a substantial part of its packaging division, but company expected to keep up heavy expenditure on new developments and projects this year, having spent about £11m last year.

Turnover was £75.46m (£78.86m). Earnings per share were 27.1p (26.3p). The final dividend is lifted to 5.5p making 8.75p (8p) for the year.

Elsewhere in the group, EHCO-KLM Kleding, the Dutch protective clothing subsidiary, contributed £2.16m (£2m) although it was held back by continuing losses in its French operation. Packaging put in £2.93m (£3m) and the industrial and general division £832,000 (£985,000).

# Margins squeezed [illegible] Lamont dips to £10m

**By Michiyo Nakamoto**

SLUGGISH consumer demand coupled with the strength of sterling put [illegible] on Lamont Holdings, the Northern Ireland-based textile group, which saw pre-tax profits slump to £10.01m last year from [illegible] previous £12.39m.

The 19 per cent fall, which came on turnover of £109.09m (£99.78m), was the first decline in Lamont's profits for over a decade.

Sir Desmond Lorimer, chairman, said that as the economic climate continued to deteriorate, the group's performance was hurt by a squeeze on profit margins, both from [illegible] competition at home and from an adverse foreign exchange situation.

The UK market, which contributes 75 per cent of turnover, was affected by intense competition, particularly from Belgian imports. The situation was exacerbated by the fall in consumer demand which triggered price cuts.

Exports, which make up 25 per cent of turnover, increased from £17.5m to £26.5m [illegible] brought in lower [illegible] of the weakness of the dollar. The Middle [illegible], for example, saw turnover up to £2.8m (£2.6m) while US sales were up about £1m, but profits were depressed by the dollar's weakness. European markets contributed £7m to export turn[illegible].

Last year's acquisition of Bonded Fibre Fabric, a manufacturer of non-woven fabric, pushed earnings down by reducing interest income from £1.18m to £826,000. Although BFF was acquired for approximately £5m cash, investment in working capital and other costs pushed the total cost to the group up to about £12m.

BFF contributed £15m [illegible] overall sales and losses were reduced from [illegible] at the interim stage to £248,000 by the year-end. While the turnround of BFF has [illegible] relatively slow, it has been profitable so far this year and is expected to make a positive contribution in 1991.

Despite the heavy cost of the BFF acquisition, Lamont still has a net cash position of £5m and is looking to expand further through acquisitions in the higher technology end of the textile business, Sir Desmond said.

Earnings per share declined to [illegible] (35.49p). A recommended final dividend of 8.5p makes [illegible] total of 12p [illegible].

# Dowding & Mills warns on second half

**By Michiyo Nakamoto**

A sharp fall in business in the [illegible] depressed first half profits at Dowding & Mills, the electrical and mechanical repair group, which reported a near-9 per cent fall in taxable profits to £5.11m.

The West Midlands-based company warned that the continuing recession meant that profits in the second half would show a further decline.

The fall in profits in the half-year to December 31 came on turnover of £41.02m (£35.87m).

The group had not been substantially hurt by the recession in the first half when volumes had held up reasonably well. The picture changed in the second half, however, when demand fell significantly. "[illegible] certainly knew there was a [illegible]," commented [illegible] Cole, chief executive.

Despite the fall [illegible] profits, the group maintained its capital expenditure – £4.3m for the half year – which is expected to reach £7m for the full year. The balance sheet was healthy, with gearing of 12.8 per cent enabling it to "get ready for the upturn," Mr Cole said.

Earnings fell to 2.46p (2.92p) and the interim dividend is raised to 0.88p (0.8p).

# Barry Wehmiller dips 14%

BARRY Wehmiller International, the specialist packaging equipment group, yesterday announced its first fall in profits in seven years, writes Roland Rudd.

In the six months to January 31, pre-tax profits fell by [illegible] per cent to £4.31m [illegible] on turnover ahead [illegible] £39.11m (£30.8m).

Vision systems maintained sales but operating profits fell by [illegible] per cent [illegible] (£5.54m) owing to continued cost overruns on new product development and flat sales.

A [illegible] in [illegible] the Chub packaging machines in the North American market affected the Food Division. Turnover fell from £11m to £9m.

Mr [illegible] Brown, chief executive, blamed the fall in profits on deferred investments which would return as the economy improved.

The [illegible] dividend [illegible] increased to [illegible] (2.2p). It is covered 3.6 times by earnings per share of 8.7p (11.8p).

# Walter Lawrence [illegible]

WALTER LAWRENCE, [illegible] housebuilding and contracting group, reported a 76 per cent drop, from £15.02m to £3.57m, in pre-tax profits for 1990. Earnings per share slumped from 15.7p to 2.5p, writes Roland Rudd.

Mr Mike Prichard, chairman, said the results [illegible] "extremely difficult" conditions in the UK housebuilding market and in southern California.

Borrowings increased from £47m to £54m, representing 109 per cent of shareholders funds. Mr Trevor Mawby, chief executive, said he was determined to reduce the debt by the next financial year.

Turnover fell slightly to £261.56m [illegible]. Pre-tax profits were hit by continued discounting of sales prices despite increasing unit sales in the UK.

A proposed final dividend of 2.5p makes a total of 4.5p (7.5p), uncovered after the £5m provision against the value of its land is taken into account.

# Propeller warns [illegible] significant deficit

Propeller, the USM-quoted casualware distributor, yesterday warned of "[illegible] write-offs and losses" in the year to January 31 and said its was talking to an overseas group interested in subscribing new capital, writes Richard Gourlay.

The greater-than-anticipated losses were caused by a deterioration in trading conditions last year and a "breakdown of control over business procedures", the company announced.

Last October Propeller announced [illegible] 3-for-2 rights issue at 10p per share, underwritten by Brown Shipley Stockbroking, to restore some health [illegible] [illegible] balance sheet.

Propeller's shares were unchanged yesterday 6p.

## NEWS DIGEST

### BHH falls sharply [illegible] £951,000

BHH GROUP, the property investment and development group, reported a pre-tax profit of £951,000 for the year to end-December.

The figure compares with £7.46m last time and comes from turnover down from £54.56m to £21.74m.

The downturn came from the property trading and development side, where turnover fell from £41.72m to £7.59m, and profits before tax and interest declined from [illegible] to [illegible].

During the year most [illegible] BHH's portfolio was reclassified as investment property. This change of status, the company said, more accurately reflected the nature of the group's primary business activity – property investment.

Turnover in this division rose from £12.84m to £14.15m and its contribution to profits [illegible] from [illegible] to £5.73m.

There was an exceptional charge of £3.57m, principally related to [illegible] write-down in the value of the group's trading property. An extraordinary debit of £3.03m was mainly the result of a provision against a loan to the BHH Group Esop.

Losses per share came out at 10.31p (earnings 3.89p) and there is no final dividend (2p). The interim dividend of 1p is therefore the total for the year and compares with 4p last time.

BHH also announced yesterday plans to raise about £7.74m by enlarging its equity base. IM Holdings, which currently has a 2.55 per cent stake, could raise this to 28.5 per cent under a planned open offer of 16,167,153 new ordinary shares at 50p. Shareholder approval is necessary for the offer, which is on [illegible] 3-for-8 basis.

The proceeds will enable the group to take advantage of property investment opportunities.

### Sanderson Murray £3.1m rights issue

Sanderson Murray & Elder, the Yorkshire-based motor distributor, has provisionally agreed to acquire a Vauxhall car dealership in Wolverhampton for £3.1m and a motor distribution site in Batley for a further £1m.

The acquisitions are to be financed partly from SME's own resources and partly from the proceeds of a rights issue.

The issue, on a 1-for-2 basis of up to 1.04m shares at 320p each, will raise about £3.1m after expenses.

### Restructured Billam rises to £117,000

J Billam, the Sheffield-based precision engineer, lifted 1990 pre-tax profits from £11,000 to £117,000, though this rise was curbed by an increase in exceptional charges – relating to the restructuring of the management – from £59,000 to £176,000.

Mr Leo Wright, chairman, added that substantial losses at the security installation company had also eroded much of the improvement in operating profits, which rose to £432,000 (£162,000).

Turnover advanced 26 per cent to £6.9m (£5.49m) and, after tax of £49,000 (£4,000), earnings leapt to 4.2p (0.4p) per share. A same-again final dividend of 2.4p maintains th[illegible] total at 4.04p. An extraordinary debit of £259,000 related to the closure costs of Billam Security (Glazing and Shopfitting).

### Second-half progress lifts Swallowfield

Increased orders for aerosols and a return to profit at Cosmetics Plus helped Swallowfield achieve a turnround in the second half.

The personal products company reported an 11 per cent rise in annual profits after a first half which saw the pre-tax figure almost halved [illegible] £633,000.

The [illegible] ending December 31 achieved pre-tax profit of £2.37m (£2.14m) on sales of £22.36m (£16.17m).

As part of the company's expansion plans the company is to apply to the [illegible] Exchange for a full listing.

An increased final dividend of 3.9p (3.4p) makes [illegible] total of 6.1p (5.6p) for the year on earnings per share of 16p (14.4p).

At the year end net assets stood at £6.49m (£5.11m), with gearing reduced from 92 per cent to 46 per cent.

### Filofax unfolds losses of £1.55m

Pre-tax losses of Filofax, the USM-quoted company which is best-known for its personal organisers, deepened in the year to end-December from £958,698 to £1.55m.

At the operating level losses were reduced from £906,470 to £157,764, and in the second half the company turned in an operating profit of £921,000, its first positive figure since 1988.

Turnover [illegible] the year declined from £12m to £11.12m. Net interest pay[illegible] was £91,355 compared with £52,228 last time and there was an exceptional charge of £1.8m (nil). Losses per share rose to 9.5p (5.2p) and again there is no dividend.

### McLaughlin & Harvey scrapes in

McLaughlin [illegible] Harvey scraped back into profit with £110,000 in the year to December 31 after a first half loss of £257,000 due to provisions.

The result bore out the warning of a disappointing result in the successful defence document against the bid from TBF Thompson Securities, fellow Northern Ireland-based company.

Turnover [illegible] the twel[illegible] months rose from £106.89m to £109.61m. Gross profit amounted to £7.58m (£6.15m). [illegible] expenses, investment income, interest payable and losses of associated companies this left £2.29m (£2.2m). But exceptional items of £2.18m left the taxable figure at £110,000 (£2.2m).

The final dividend is maintained at 6.75p for a total of 10p (10p) on earnings of 2.2p (27p).

### Hampden Homecare tumbles by 66%

Hampden Homecare, the Northern Ireland-based home improvement store operator quoted on the USM, had a "difficult period" in the 52 weeks to December 29 and saw profits fall 66 per cent from £1.48m to £506,000.

Mr John Goldstone, chairman, said that the company suffered a significant setback when it was refused planning permission to build [illegible] DIY store in Dublin. A provision of £1.8m has consequently been made and is taken as an extraordinary charge, giving the company an attributable loss of £1.5m (profit £1.03m). [illegible] a result, the final dividend is being passed (1.6p), leaving the pay-out for the year at 0.2p (2.1p).

Turnover rose 9 per cent to £22.67m (£20.71m), though distribution [illegible] £6.34m (£5.38m) cut operating profits to £377,000 (£1.24m). Earnings fell to 2p (7.45p) per share.

### Norish declines to I£1.5m

Norish, the Irish company involved in storage, warehousing and wholesaling, saw taxable profits fall from I£2.13m [illegible] I£1.5m (£1.34m) in 1990.

The directors said that the second half finished strongly and this progress had been maintained, with a steady improvement in all the main sectors of the business.

The final dividend is maintained at 7p for a same-again total of 11.47p on reduced earnings per share [illegible] 12.3p (19.5p).

### P&O reduces directors' pay

Lord Sterling, chairman of Peninsular and Oriental Steam [illegible]vigation, (P&O), the shipping, transport, building and services group, suffered a pay cut of 14.2 per cent last [illegible] to £389,000, excluding p[illegible]on contributions.

P&O has a policy of performance-related pay throughout the group, and executive directors' remuneration relates to earnings per share. In 1990 P&O's earnings fell 31.3 per cent to 42.8p per share, after pre-tax profits were 30.6 per cent lower [illegible] £261.3m. However, the total dividend is due to rise 3.4 per cent, after an 8 [illegible]ent rise at the interim stage.

Other directors also saw their pay reduced. The group's accounts, published yesterday, showed the two highest paid directors, other than Lord Sterling, received between £295,000 and £310,000. In 1989 the two highest salaries fell between £315,000 and £335,000.

### Coats' bid for Tootal put on ice

The Takeover Panel has put Coats Viyella's £194m hostile bid for Tootal on ice until the Office of Fair Trading has decided whether to refer it to the Monopolies & Mergers Commission.

This means that the last date on which Tootal can publish any new information – the "39th day" of the bid originally set for today – has been postponed until two days after the OFT announces its decision.

## TECHNOLOGY

# Neutrinos reveal their dark secrets

**Bernard Simon** reports on a Canadian project that may solve some of the mysteries of the universe

Inco, [redacted] world's largest nickel producer, [redacted] vating a cavern [redacted] a 10-storey building [redacted] the [redacted] a 2,100-metre [redacted] at its Creighton mine near Sudbury, central Ontario.

The project has nothing to do with mining. Instead, the cavern will house an ambitious experiment by Canadian, US and British scientists to unlock some of the mysteries of the universe.

Known as the Sudbury Neutrino Observatory (SNO), the underground laboratory will be the least radioactive spot on earth when it starts feeding data to a control room on the surface in 1995. In the virtual absence of radioactivity, SNO is expected to provide new information on neutrinos, the little-understood particles of matter which rank with electrons and quarks as the most basic building blocks of nature.

Prof Arthur McDonald, a Canadian physicist and the director of the SNO project, compares the scientific impor[redacted] the venture [redacted] huge p[redacted] accelerators being built in the US and Europe.

The team of 52 scientists and about 70 support staff hopes to draw some conclusions about the future of the universe by discovering whether or not neutrinos have [redacted] McDonald puts it: "If they have even a miniscule mass, it [redacted] be enough to slow the expansion of the universe or get it [redacted] contract again."

Neutrinos can penetrate great distances through even the densest materials, and [redacted] th[redacted] extraordinarily difficult to detect. But if [redacted] goes well, [redacted] will [redacted] to measure their basic properties. It will also give scientists a better idea of the number of these particles emitted by the sun.

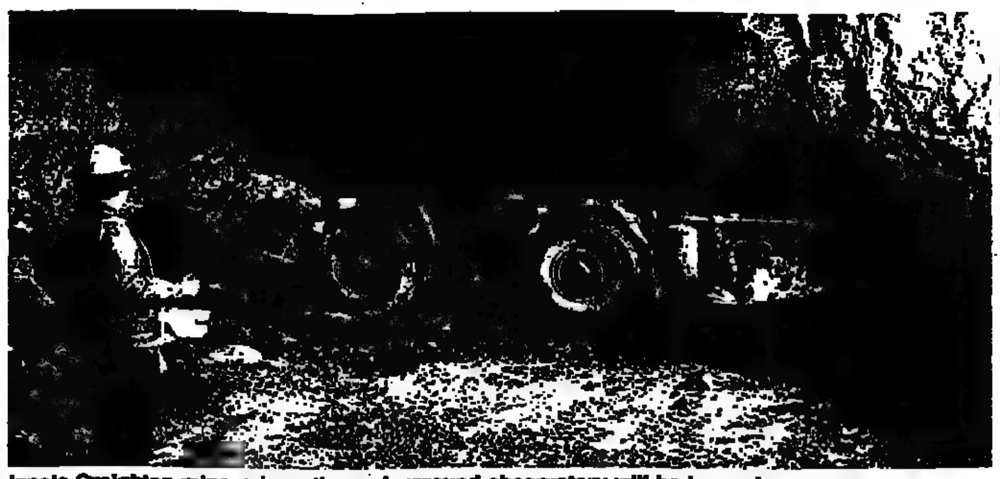
The experiment is taking place in Sudbury, 400km north of Toronto, for two main reasons: Inco's mine shaft and Canada's large inventories of heavy water.

Canada has built up unusually large quantities of heavy water for use in the Candu nuclear power reactor pio[redacted] Atomic Energy [redacted] Canada Ltd (AECL). The heavy water has been purified to a point where it contains almost no radioactivity. SNO will borrow 1,000 tonnes of the liquid from AECL, about the same amount required for a large nuclear reactor.

By putting SNO more than two kilometres down the Inco mine, the project can proceed with minimal disruption from the cosmic rays which normally interfere with observation of neutrinos.

Most of the equipment in the observatory, including the concrete lining of the cavern and the large acrylic vessel in which the neutrinos will be observed, is being specially made from materials with ultra-low radioactivity.

The availability of the mine shaft and the heavy water has cut the cost of the SNO project significantly. The market value of the water alone is about



Inco's Creighton mine, where the underground observatory will be housed

C$300m (£150m). As it is, the capital cost of SNO is estimated at close to C$50m. About two-thirds of the total will come from various Canadian federal and provincial government agencies. The US department of energy will chip in C$12.5m. Britain's Science and Engineering Research Council has been asked for a C$900,000 contribution to buy components designed by scientists at Oxford University.

The heavy water will be placed in [redacted] highly-polished, spheri[redacted] acrylic [redacted] vessel will be surrounded by 9,400 glass photo-multipliers designed to detect the minute bursts [redacted] neutrinos produce when they [redacted] heavy water.

One of the problems facing the scientists is that the force with which neutrinos [redacted] any other particle is among the weakest known in nature.

Heavy water, however, is particularly suitable for observing neutrinos. The particles are often detected when they react with the extra neutron in each hydrogen nucleus which makes heavy water different from tap water.

None the less, even though billions of neutrinos will be passing through the heavy-water container each second, McDonald and his colleagues expect the photo-multipliers to record no more than about 20 bursts of light a day – none of them visible to the naked eye.

Scientists at Oxford have designed a special light collector for each photo-multiplier tube which will double its sensitivity to light.

The acrylic vessel and the photo-multipliers will be suspended from a steel deck at the top of the cavern. Cables will connect them to the surface control room where computers and electronic instruments will collate data given off by the colliding neutrinos. The data will be more fully analysed at the various universities and research laboratories participating in the project.

The failure of the much-heralded Hubble telescope last year has heightened the SNO team's sensitivity to the risks of their project. But George Ewan, chairman of the proj[redacted] advisory committee, [redacted] that "we've made all the [redacted] we think we can make. We think we've thought of everything." They'll know for sure in 1995.

# Britain comes to its census

**Della Bradshaw** explains how the population will be counted

On April 21 occupants of the 23m households in England, Scotland and Wales will put pen to paper to give a snapshot of life in Great Britain today.

What is the quality of the housing stock? What are people's occupations? What is the ethnic breakdown of the country? The answers to 26 questions such as these will be carefully catalogued in the 1991 UK census.

In logistical terms the[redacted] is [redacted] unusual one. A total [redacted] force of 130,000 people – including 117,000 [redacted] who will carry [redacted] calls – moved into action at the beginning of April. By the end of this month the job, for most of them, will already be complete.

The mammoth management task for the Office of Population Censuses and Surveys is to ensure that all the forms are correctly distributed, filled in and collected. Only then will [redacted] number-crunching Amdahl mainframes be able to [redacted] analysing the data.

Delays, [redacted] of just days, could jeopardise the whole programme. For this reason [redacted] census office put reliability and fast computer response times at the top of its shopping list for a computer system.

Because the census takes place just once a decade there is an enormous leap in technology between each one. While the 1981 census was conducted on a simple computer spreadsheet, the department has this year turned to networked multi-user personal computers to carry out the task.

The system now installed at the census office in Titchfield, near Portsmouth, comprises Compaq workstations and a file server, a Novell local area network, Ethernet cabling operating at 10 megabits a second and software from London-based Syntek, part of BICC.

The first job of the Syntek software – the Field Operational Control Unifying System (Focus) – is to keep records of the tasks to be done in the run-up to census day and the dates when each should be completed. This includes the dates when the enumerators should be appointed, by which time the census forms should be handed to each householder – some 40 tasks in all.

For many members of the public the first inkling they had of the census would have been last week, when leaflets on the project dropped through most letterboxes. But more important are the days leading up to April 21, when the census form will be delivered, and the few days following census day when the completed forms will [redacted] collected.

The second j[redacted] the [redacted] ware is to compare the progress made by each area, on the basis of information given by the area manager, and to check that against the schedule. "It allows smaller discrepancies to be spotted earlier," points [redacted] Mike Gibbons of Syntek.

On the days when each [redacted] is to be completed the [redacted] organiser in each of the 115 census areas phones [redacted] the Titchfield office and reports on prog[redacted] phone [redacted] come in, the information [redacted] tapped into the system. If it is incorrect – if an organiser inadvertently reports the appointment of three people to a position when the accounts only allow for two, say – the person typing in the data will be unable to file the information. Instead, an error report will appear on the screen giving details of the error.

Once all the information is safely stored, the software compiles reports outlining what has been done and – more importantly – highlighting which targets have not been achieved.

One of the final tasks will be to record that all the completed census forms have been sent to the census office in Glasgow where the information on each household in the UK will be keyed in. This data will then be transmitted to the Amdahl system in Titchfield for analysis – a task which will take up to two years.

This done, the Focus system can be closed down, except for training exercises. "I think it's what you call Kleenex software," jokes Tim Goldstone, consultant with Syntek. "You use it once and throw it away."

Whatever the success of this year's census control system, [redacted] only sure thing is that by [redacted] year 2001 the technology used to gather [redacted] information will be complete[redacted] different. By then residents may phone in their answers to voice recognition computers or [redacted] type the [redacted] wers in themselves using a keypad and the domestic television set.

## Guidance through the PC maze

HOW do you know when you buy a personal computer whether it will be the best machine for a specific task?

To guide corporate buyers through the PC maze, Spec of Newton Abbot, Devon, and the magazine Computer Weekly, are publishing a series of PC analyses. For £1,000 a year the subscriber gets about 100; individual reports cost £35.

The benchmarks used for the tests enable the user to relate performance to specific applications. The tests also enable the user to compare, say, six stand-alone PCs to [redacted] Unix box with six terminals.

## [redacted] any other name

MANY of Britain's wild flowers have been destroyed by high-tech agriculture. Now an Uxbridge-based company is using the latest agricultural techniques to restore [redacted] thing from the cowslip to the wood anemone.

High Value Horticulture has adapted the plastic trays used for large-scale vegetable production for germinating the seeds of its "really wild flowers". There are 200 cells on each tray.

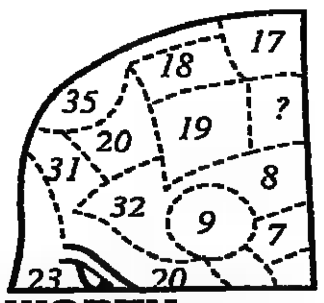
OX-EYE DAISEY

The trays are suspended in air so that the roots grow down, peep through the hole and then die back, forming two root buds. These shoot out when the plant is in the soil, making sturdy plants.

## A persistent welding gun

AN ELECTRON beam welding gun able to weld a one-foot (300mm) thick steel pipe for 2½ hours without stopping has been developed by TWI of Cambridge, writes Lynton McLain. The gun will be used by the French nuclear company Framatome, but could find other homes throughout heavy engineering.

The 100-kilowatt gun is three times as powerful as previous electron welders. It is designed to detect potentially damaging discharges and cut the power momentarily to avoid defective welds. This minimises the risk of interrupting the welding by metal vapour getting [redacted] the gun column.





## WORTH WATCHING

by Della Bradshaw

## Fruit remains at [redacted] ripe old age

IN ORDER [redacted] ensure [redacted] and vegetables reach their destination in perfect condition, Air Products, of Allentown, Pennsylvania, has developed a way of reducing the oxygen content in the container, so ensuring a longer life for the produce.

The Spectrum CA controlled atmosphere system, which can be fitted to conventional containers, works by passing the air through a specially developed membrane which separates the nitrogen from the oxygen.

The fibres in the membrane hold the oxygen molecules in their cores. The nitrogen passes through, producing a gas stream of up to 98 per cent nitrogen. This retards the produce's ripening.

The controlled atmosphere unit complements refrigeration units, and Air Products is already developing a combined system.

Contacts: Spec: UK, 0626 55193. High Value Horticulture: UK, 0895 72911. TWI: UK, 0223 891162. Air Products: US, 215 481 4911.

## BUSINESS FOR SALE



BUSINESS FOR SALE SECTION ALSO APPEARS ON PAGE 7.

## COMMODITIES AND AGRICULTURE

# Oil refinery strike threatens copper output in Zambia

By Mike Hall in Lusaka

COPPER production at one of the world's largest open-pit mines could be seriously affected if a wage strike by 200 unionised workers at an oil refinery, which supplies Zambia Consolidated Copper Mines (ZCCM) with diesel fuel, is not settled soon.

A senior ZCCM official said yesterday that the company had a reserve of 10 days supply of fuel for all its mine machinery. Operations at Nchanga, which accounts for about 40 per cent of Zambian production, would be most affected.

ZCCM would be in "big trouble" if the strike was not resolved, he said. The company was urgently looking for alternative supplies. Most fuel stations on the copper belt were reported to have run out of diesel yesterday and others were besieged by long queues.

The eight-day strike at Indeni Petroleum Refinery by workers demanding an 85 per cent wage rise, has been compounded by another dispute by about 3,000 workers on the Tanzania-Zambia railway line which has forced ZCCM to re-route copper shipments through South Africa.

The railway workers' dispute is over the wage disparity between them and their Tanzanian counterparts who earn double the Zambians' wage because of the devaluation of the Zambian currency.

Copper exports, of about 450,000 tonnes a year, account for more than 95 per cent of Zambia's foreign exchange earnings and about 60 per cent is usually shipped via Dar-es-Salaam.

Industry analysts said yesterday that the government was likely to intervene to settle the Indeni dispute.

# Japanese rush to buy Akihito gold coins

By Stefan Wagstyl in Tokyo

JAPANESE snapped up virtually all the 2m gold coins minted to mark the accession of the new emperor Akihito within hours of the issue going on sale.

Buyers seemed to ignore the controversy surrounding the previous official minting of gold coins, which were issued to mark the 60th anniversary of the reign of the late Emperor Hirohito.

Japanese police are investigating claims that large numbers of Hirohito coins were forged.

The Ministry of Finance said sales of Akihito coins went smoothly. Officials said that, in Tokyo and in Osaka, banks and other institutions handling sales to the public sold out within an hour of opening. Very few people brought in their Hirohito coins to exchange for the new issue – called Heisei after the name of the new emperor's era.

The finance ministry carefully prepared the ground for the Heisei issue after the Hirohito forgery allegations surfaced early last year. The ministry postponed the Heisei issue from last autumn, the time of the emperor's enthronement, until Wednesday, the date of his wedding anniversary, to allow the controversy to die down.

Officials also cut the size of the issue from 3.8m to 2m and increased the gold content by 50 per cent to 30 grams to discourage forgers. The new coins have the same face value as the old, Y100,000 ($412.37).

Banks said the ministry's caution had paid off. Sanwa Bank, a leading commercial bank, said it had sold its allocation quickly.

About 120 people stood in line at the headquarters of Fuji Bank to make sure of their coins. Many were bank employees buying coins on behalf of favoured clients.

Meanwhile, the police investigation into the forgery allegations continues. The police say that out of 11m Hirohito coins, 107,000 coins imported into Japan from abroad were fakes.

# Cadmium production expected to increase

By Kenneth Gooding, Mining Correspondent

CADMIUM production will rebound this year after falling steadily since reaching a peak in 1988, but consumption is holding steady near record levels so stocks are returning to normal, says to the London-based Cadmium Association.

The metal, produced as a by-product of zinc mining, is highly toxic and environmental pressures cut sales substantially before demand for nickel-cadmium rechargeable batteries took off in the early 1980s.

These batteries, which account for about two thirds of cadmium consumption, are used in various portable electrical gadgets such as video cameras, computers and telephones.

During a brief supply shortage in 1988 the European free market price of cadmium rose from about $1 to $12. Last year the price languished at $1.15 before taking off briefly in December to $5 a lb but it has drifted back to the present $1.70 a lb.

Cadmium production, which has fallen steadily from a record 17,020 tonnes in 1988, slipped by another 5 per cent last year compared with 1989 to 14,655 tonnes.

Howe[illegible] the association says out[illegible] can be expected to rebound to more than 15,700 tonnes this year if current trends continue. Deliveries this year could reach 18,683 tonnes, it says, leading to a 3,000-tonne reduction in producers' stocks.

A survey for the association by the World Bureau of Metal Statistics, shows cadmium stocks in Europe at their lowest level since the end of 1989 while those held by North American producers fell by 24 per cent to 783 tonnes between February 1990 and the same month this year.

# Call for change on US grain contracts

By Barbara Durr in Chicago

THE CHAIRMAN of the Chicago Board of Trade, Mr William O'Connor, said that he will recommend that only US grain be accepted for delivery on CBOT futures contracts.

Mr O'Connor told the Minneapolis Grain Shippers Association that CBOT contracts mirror the cash grain trade and that "if exporters are required to handle only US grain to qualify for subsidies and those subsidies are the basis of their ability to compete in the global market, then CBOT contracts must meet the same contraints. Otherwise, our markets will favour the seller".

Mr O'Connor said he would make his recommendation for all CBOT grain contracts except oats. The US is a net oats importer and one third of deliverable supplies are of foreign origin.

The proposal would have to be approved by the CBOT board of directors, its membership and the Commodity Futures Trading Commission, [illegible] futures industry regulator.

# No end in sight to EC farm quagmire

**David Gardner finds little hope for agreement on CAP spending and progress at Gatt**

THE FAILURE by EC finance ministers to make up their minds this week whether the ceiling on farm spending should be maintained or breached has provided an accurate measure of just how much the agriculture debate is bogged down.

Persistent inability to agree on this year's price package is casting a shadow over the European Commission's radical plans to redesign the Common Agricultural Policy (CAP), which had enhanced prospects [illegible] successfully concluding the Uruguay Round of trade liberalisation talks. They are deadlocked over farm subsidies.

The EC's three farm rows constantly overlap, and the situations they are failing to get to grips with are constantly deteriorating.

The wrangle over the 1991 price package – set at the top of the "guideline" at Ecu32.5bn ([illegible]n) and embodying a [illegible] increase of 30 per cent on last year's Ecu25.1bn – raises the possibility that the budget limit will be broken anyway. Such is the pressure from oversupply of farm produce that, according to Mr Brian Gardner, an independent agricultural economist, "it is by no means certain that the guideline won't be breached even with the price cuts" proposed by the Commission on February 27.

Mr Ray MacSharry, the EC agriculture commissioner, is due this summer to detail his plan to bring subsidised prices firmly towards world market levels, [illegible]hile compensating farmers through direct income support.

However, the budget row may now push [illegible] the reform process. While opposition to it becomes more entrenched, EC stockpiles of surplus produce, particularly beef and cereals, mount and farmers' incomes continue to fall.

The longer the status quo persists, the more likely it is that the farm subsidy war between the EC and the US will escalate, and the dimmer the prospect of getting the Uruguay Round back on the rails.

The farm budget battle is proving so intractable that it carries the seeds of a crisis. The guideline in dispute [illegible] fixed at an EC summit in [illegible]sels in February 1988, designed to consign the budget crises of the mid-1980s once and for all to the past. Since then, and until this year, farm spending has been well within limits.

However, this was largely because of the 1988-89 drought in North America, last year's mild drought in Europe, and dumping of surplus EC produce abroad. The dumping was one of the main reasons behind the collapse of the General Agreement on Tariffs and Trade (Gatt) summit on the Uruguay Round last December.

Since then, it has become clear that the EC has returned to a situation of structural oversupply. It produces about 15 to 20 per cent more food than it needs, and this overhang is constantly rising. This is because consumption is falling, mainly [illegible] of changing dietary [illegible] and output is continually rising, because guaranteed price support and technological advances encourage and make it easier for farmers to produce more. That is the main cause of the huge budgetary leap. However, to hold spending even at this level requires what, on paper at least, are significant cuts.

Yet few of the Community's agriculture ministers accept this. Most argue that the guideline should be raised to cover the cost of integrating eastern Germany into the CAP, even though this is largely provided for in the budget. They cite other "one-off" factors such as the effect of the "mad cow" scare and the Gulf crisis on the beef market. Taking a longer view however, it is just as easy to demonstrate that these factors were more than offset by the one-off benefit, to farmers and the budget, of the North American drought.

Alan Harper

Ray MacSharry: even sceptics admit his plan is serious

For six weeks, farm ministers have thundered against the cuts, echoed by virtually all farmers' unions, resisted only by the fiscally rigid UK and the Netherlands, and, of course, the Commission.

Even the Commission, however, has not spoken in unison: its president, Mr Jacques Delors, was defeated by Mr MacSharry in his wish to raise the guideline only after some acrimony. Finance ministers, meeting in Luxembourg on Monday, exactly replicated the 10-2 division of their farm colleagues, with the British and Dutch again holding to the guideline. "They're not going to get anywhere," said one Commissioner.

The procedural move now mooted, of a "jumbo" Council of finance and farm ministers, is unlikely to break the impasse. The question then becomes whether an increasingly likely special summit of EC heads of government should be convened just to disentangle this year's farm budget, or whether it should face up to the real issue of CAP reform, and a new overhaul of the whole EC budget along the lines of February 1988.

Even hardened Brussels agri-sceptics admit that [illegible] MacSharry's bold plan, be[illegible] set out in an agriculture directorate (DG6) paper [illegible]mber 6, 1990 and leaked in January, is serious and cleverly framed. Like most EC policy, it is constructed on the Paris-Bonn – or Paris Basin to Bavaria – axis; it would safeguard small farmers through direct compensation for severe price cuts, and protect the countryside by reducing the incentive for intensive farming; and it is Gatt-friendly.

In the DG6 plan, cereals intervention prices would be cut by 47 per cent over three to four years, with full compensation for small farmers and partial refund to big grains producers, the main beneficiaries of the ballooning farm budget, only if they take land out of production. Compensation would be gauged on land area and previous, regional average yield, not – as in the US and the UK before EC-entry – on current output per tonne, which encourages farmers to produce more. Similar principles would apply to beef and dairy produce.

Four results should follow the introduction of such a plan. Oversupply would be brought into balance, and export subsidies would become superfluous – opening up a possible Uruguay Round agreement on wide-ranging trade liberalisation in farm and other sectors. Second, the EC could face up to enlargement, towards the European Free Trade Association countries and then the natural granary of eastern Europe, with greater equanimity.

Third, the EC budget, after a brief "spike" upwards, would settle back on to the trajectory charted in February 1988, and liberate funds for non-farm spending longer term. Renewed internecine budget warfare, which could easily overshadow Europe's drive towards economic, monetary and political integration, would be less likely. Finally, Europe's best farmers should be able to compete advantageously, above all in the context of agreed subsidy cuts within Gatt, and lower overall output.

Hostility to the MacSharry plan has centred on the "discriminatory" distribution of cuts among member states, highlighted by the UK, Netherlands and Denmark; on the "modulation" or sliding scale of compensation which favours small farmers; and, even within the Commission, on the mixture of farm and social policy implied by modulation, decried by one minister as the "Sligo-isation" of EC agriculture – Mr MacSharry hails from Sligo.

"Discrimination" always looked to be a Saddam-like dummy target for ministers to aim missiles at in Council, and, led by Mr John Gummer the UK's agriculture minister, they have duly obliged. Mr MacSharry has signalled willingness to withdraw towards his pre-chosen area of retreat, in particular by dealing with the medium-sized farms the plan ignores with almost calculated ostentation.

"Modulation" is a snare of a different kind. Authoritative sources say that the December 6 DG6 plan was only one of three, each containing different figures on compensation. These ranged from full refund to all farmers to the "worst-case", or fiscally tightest, plan leaked. The extra cost of the known plan has been "guesstimated" by independent economists like Mr Gardner at about Ecu2bn.

Those farm ministers who have vituperated against the higher cost and discrimatory iniquity of the plan will either have to come up with a plausible alternative – nobody has – or suggest to their finance ministers levels of compensation, envisaged under the two other DG6 versions, which would push the cost higher.

The last objection tends to skirt the wider implications of the plan. The CAP has always been part social policy, working in an anti-social way. It funnels 80 per cent of the budget to the 20 per cent of farmers who least need it, concentrated in the northern "magic triangle" from East Anglia up to Denmark and down to the Paris Basin. At a time when southern and peripheral member states led by Spain are pushing hard for common policies which transfer EC funds southwards and enable laggards to converge economically with the rest of the Community, the current CAP's discriminatory distribution is untenable.

The plan's opponents also tend to ignore evidence that there is a social and cultural consensus behind maintaining the farmer – marginal or not – in his habitat until alternative means to conserve the countryside as a common good can be devised. It is still unclear whether compensation would end with a farmer's retirement or be passed on to his successor, bearing in mind that 55 per cent of EC farmers are more than 55 years old. A time limit on compensation would depress land prices, liberating large areas for alternative use. However, so far, there are few cogent ideas around for wider rural development – arguably the plan's worst flaw.

There has been no discussion of the "consumer welfare" gains from the plan, calculated by some to imply an annual Ecu40bn transfer back to consumers who currently finance about two thirds of EC farm price support. Finance ministers, too, will eventually examine the effect of the plan on budget flows to and from Brussels. According to Mr Gardner's calculations, Germany and the UK would find they gain substantially, while France would come [illegible] more or less even.

France, EC farming's biggest constituent and "swing" voter, lies astride the north-south fault-line that the plan has opened. Apart from the grain moguls of the Paris Basin it has 1.5m ageing peasant farmers in its centre and south who would benefit. Though Mr Louis Mermaz, the French agricultureminister, has this year moved from scepticism to unremitting hostility to the MacSharry proposals, it remains a reasonable bet that, in the end, France will pragmatically add up the pluses and minuses of a plan it will seek to modify in it own interests.

However, "the end" does not look nigh. To get to it will surely require political will from the EC's leaders which they have never before shown on an issue most, if not all, have preferred to ignore.

## WORLD COMMODITIES PRICES

### MARKET REPORT

Aluminium prices set new 14-month lows on the LME yesterday, with three month metal testing support around the $1,420 a tonne level. Some traders said a close below that level could lead to a further sell-off, but others did not consider it a convincing break down and were awaiting early moves today. The backwardation (cash premium over three month metal) for zinc almost doubled to $113 a tonne as short positions due to mature in the tight mid-April period were rolled forward. Traders said although there would be an easing in the backwardation once the April tightness had passed they did not see it being erased as mid-June delivery dates were already commanding premiums, indicating further tightness. London cocoa prices were steady. The performance was seen as particularly constructive in view of the strength of sterling against the dollar. Technically, however, the outlook still looks depressed and further losses are likely when origins return to the market, dealers said. On the London bullion market gold closed little changed. The release of the US March producer and retail data had little effect.

Compiled from Reuters

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $15.40-5.50u | +0.20 |
| Brent Blend (dated) | $19.65-9.75 | +.375 |
| Brent Blend (May) | $19.80-9.90 | +.375 |
| W.T.I. (1 pm est) | $21.13-1.15u | +.165 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $242-244 | +5 |
| Gas Oil | $176-177 | -2 |
| Heavy Fuel Oil | $70-72 | +1 |
| Naphtha | $196-198 | |
| Petroleum Argus Estimates | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $362.15 | -0.85 |
| Silver (per troy oz)♣ | 399.5c | +1 |
| Platinum (per troy oz) | $401.5 | -3.5 |
| Palladium (per troy oz) | $95.85 | +1.35 |
| Aluminium (free market) | $1405 | -10 |
| Copper (US Producer) | 113c | +1.5 |
| Lead (US Producer) | 34c | |
| Nickel (free market) | 419c | -4 |
| Tin (Kuala Lumpur market) | 14.79r | -0.03 |
| Tin (New York) | 257c | |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 111.47p | -1.50* |
| Sheep (dead weight)† | 193.60p | -11.5* |
| Pigs (live weight)† | 88.38p | +0.68* |
| London daily sugar (raw) | $226.4t | -4.0 |
| London daily sugar (white) | $256.0t | -4.5 |
| Tate and Lyle export price | £235.5 | -1.5 |
| Barley (English feed) | £124 | |
| Maize (US No. 3 yellow) | £175.5 | -1.25 |
| Wheat (US Dark Northern) | £97 | |
| Rubber (May)♥ | 50.75p | -0.50 |
| Rubber (Jun)♥ | 51.50p | -0.50 |
| Rubber (KL RSS No 1 Apr) | 225.5m | |
| Coconut oil (Philippines)§ | $310t | -10 |
| Palm Oil (Malaysian)§ | $17.5 | |
| Copra (Philippines)§ | $220q | |
| Soyabeans (US) | £153.5 | +3.0 |
| Cotton "A" Index | 83.60c | -0.20 |
| Wooltops (64s Super) | 342p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jun t-Apr/May u-May. x-Apr/Jun. s-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

| SUGAR – London FOX | | | ($ per [illegible]) | |
|---|---|---|---|---|
| Raw | Close | Previous | High/Low | |
| May | 194.40 | 199.40 | 199.80 | 193.00 |
| Aug | 198.40 | 204.00 | 203.80 | 198.00 |
| Oct | 200.00 | 203.60 | 202.20 | 198.40 |
| Dec | 197.00 | 199.60 | 198.00 | |
| Mar | 196.00 | 198.60 | 198.00 | 193.20 |
| May | 196.00 | 200.60 | 199.20 | 194.20 |
| White | Close | Previous | High/Low | |
| May | 296.5 | 295.5 | 295.9 | 285.5 |
| Aug | 288.5 | 290.0 | 290.0 | 285.5 |
| Oct | 267.5 | 270.0 | 268.0 | 268.0 |
| Dec | 264.0 | 266.0 | 265.0 | 265.5 |
| Mar | 265.0 | 268.5 | 267.2 | 265.5 |

Turnover: Raw 1061 (1634) lots of 50 tonnes. White 1642 (2712)
Paris- White (FFr per tonne): May 1665, Aug 1640, Oct 1536.

| CRUDE OIL – IPE | | | $/barrel | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| May | 19.73 | 19.41 | 19.98 | 19.41 |
| Jun | 19.00 | 18.64 | 19.25 | 18.68 |

| GRAINS – London FOX | | | £/tonne | |
|---|---|---|---|---|
| Wheat | Close | Previous | High/Low | |
| May | 135.75 | 136.20 | 136.90 | 137.95 |
| Jun | 140.60 | 140.20 | 140.90 | 139.95 |
| Sep | 111.75 | 111.35 | 111.75 | 111.45 |
| Nov | 114.95 | 114.45 | 115.00 | 114.55 |
| Jan | 116.40 | | 116.25 | 116.00 |
| May | 124.85 | 121.35 | 124.75 | |

### New York

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| May | 21.15 | 21.05 | 21.50 | 21.00 |
| Jun | 20.71 | 20.73 | 21.08 | 20.59 |
| Jul | 20.38 | 20.41 | 20.70 | 20.30 |
| Aug | 20.10 | 20.19 | 20.42 | 20.05 |
| Sep | 19.80 | 20.02 | 20.30 | 19.86 |
| Oct | 19.62 | 19.92 | 20.10 | 19.75 |
| Nov | 19.74 | 19.88 | 20.02 | 19.74 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 86.60 | 87.95 | 87.80 | 86.00 |
| Jul | 85.51 | 86.90 | 86.70 | 85.20 |
| Oct | 74.42 | 74.51 | 74.80 | 74.35 |
| Dec | 70.35 | 70.50 | 70.60 | 70.20 |
| Mar | 71.50 | 71.55 | 71.75 | 71.50 |
| May | 72.15 | 72.10 | 72.30 | 72.10 |
| Jul | 72.15 | 72.06 | 71.35 | 71.35 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 114.95 | 117.15 | 116.00 | 114.70 |
| Jul | 115.45 | 117.45 | 116.50 | 115.30 |
| Sep | 116.15 | 117.75 | 116.85 | 116.00 |
| Nov | 116.90 | 117.45 | 0 | 0 |

**FRUIT AND VEGETABLES**
Cox's apples from New Zealand at 65-70p a lb (65-70p) are a good fruit buy this week, along with Cape Cox at 50-65p a lb (50-65p) and French Golden Delicious at 40-55p a lb (40-55p), reports FFVIB. Plums at 75p-£1.20 a lb (75p-£1.20) are good value. Broccoli at 75p-£1.20 a lb (75p-£1.20) is superb, cabbage at 20-30p a lb (20-30p), potatoes at 8-15p a lb (8-15p) and English onions at 15-20p a lb (15-20p) are plentiful. The recent mild weather has meant that supplies of lettuce, tomatoes and cucumber are excellent. Round lettuce is great value at 20-30p each (30-40p) and iceberg is 50-60p each (55-65p)

### Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| May | 588/6 | 586/4 | 592/0 | 579/4 |
| Jul | 599/4 | 599/0 | 605/0 | 591/4 |

هكذا من الأصل

## LONDON STOCK EXCHANGE

# Investors cautious ahead of RPI news

FIRMNESS IN the pound, together with better news on inflation from across the Atlantic, put the London stock market in a somewhat more confident mood yesterday as it waited for the announcement this morning of the UK retail price index (RPI) for March. However, a net improvement of 12.8 to 2,531.6 on the FT-SE scale was considered meagre in view of the 36-point advance in the Dow Industrial Average in London hours, and an upturn in oil shares.

The US economic data, showing a fall of 0.3 per cent in overall producer prices, appeared to indicate a slackening in inflationary pressure on the American economy and was well received by London market analysts. However, there was debate as to what effect the data would have on the credit policies of the US Federal Reserve, and on prospects for further cuts in interest rates there.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Apr 2 | [illegible] 15 | [illegible] 29 |
| Option Declarations: | | |
| Apr 11 | Apr 25 | May 16 |
| Last Dealings: | | |
| Apr 12 | Apr 26 | May 17 |
| Account Day: | | |
| Apr 22 | May 7 | May 28 |

*New-time dealings may take place from 8.30 am two business days earlier.

Both UK equities and stock index futures were slow to respond to the news from the US and [illegible] appointment with London's performance. Investors were cautious yesterday because the UK equity market, taking its cue from London money markets, has already discounted the probability of another half point cut in [illegible] rates, either immediately following today's RPI announcement or soon afterwards. The March RPI is expected to show a further fall in inflation to closer to an 8 per cent annualised figure.

Equities opened lower behind unimpressive performances from New York and Tokyo but were dragged higher at mid-morning by a recovery in the FT-SE June futures contract, which had [illegible] depressed at the close of the previous session. The futures boiled over, however, and both markets drifted easier.

US-orientated [illegible] the oil leaders, Grand Metropolitan, Glaxo and Reckitt & Colman responded to expectations that Wall Street would open higher behind the good news on US producer prices, but the broad range of the London market was [illegible] move [illegible] and the final reading on the Footsie was slightly off the [illegible].

Seaq volume dipped to 515.8m shares from the 531.3m of the previous session, bearing out traders' comments that investors have become somewhat more cautious since the end of the first quarter of the year.

However, institutional cash is still moving into equities albeit on a selective basis. "There are no 'blanket' orders to buy stock across the range of the market," said one institutional dealer, "but the big funds are looking for suitable opportunities to pick up stock at the right price."

There was substantial business done yesterday in the utilities sector, and the rise in crude oil prices swiftly brought buyers back in for oil shares, which were relatively neglected in the first quarter of the year.

Investment attention in London has [illegible] back to the international scene, as market analysts look to sterling, the German Bundesbank and the US Federal Reserve for [illegible] to the next moves in global and UK interest rates. But UK markets appeared to pay little heed yesterday to a new warning on interest rate policy from the head of one of the German regional central bank who indicated that the Bundesbank should not "match the global trend to lower rates."

However, the president of the Bundesbank yesterday appeared to play down fears of an imminent rise in German rates.

## Strong demand for Oils

OIL [illegible] made good [illegible] with buying stimulated by more positive recommendations on the sector, and the upturn in crude oil prices.

Some of the City's most influential broking firms have adopted a more positive stance on the sector in the past few sessions. BZW, who published its quarterly oil and gas review this week, recommends a slightly overweight stance, and noted that US oils have outperformed the UK issues by 17 per cent in the past quarter. Smith New Court in a detailed analysis of the sector said current fundamentals in the oil market and sector "are similar to those of 1970-78".

Smith said that, as in that period, real oil prices are low, oil demand is increasing, capacity utilisation in the downstream and petrochemicals is high, the dollar is strengthening and the equity market is strong. In the late-1970s the sector [illegible] and the yield relative traded at a substantial discount to the market.

County [illegible] said that after 22 per cent underperformance since September the sector now stands below its 1990 start level. "It is time to start rebuilding weightings in the sector over the next two months," added County.

BP moved up 8 to 341¼p on heavy turnover of 12m, while Shell, a big favourite with many UK brokers, was additionally helped by a strong buy recommendation published by Goldman Sachs and rose 7 to 490p on 6.9m.

Enterprise, 3 off at 562p, was held back by worries that Elf may soon unload its 25 per cent stake.

### BAT weaker

BAT Industries continued its retreat from the near two-year high of 730p reached on April [illegible]. Yesterday's decline was accompanied by yet more heavy trade in New York, from [illegible] the early London Stock Exchange [illegible] volume [illegible] equivalent of 10m shares changing hands in one block.

Marketmakers explained the trade as dividend washing – where investors try to avoid taking liability for a taxable dividend by not holding the shares at the ex-dividend date.

Since the US ex-dividend date has already passed, yesterday's trade seemed to be the repurchase of the American Depositary Receipts (ADRs – the vehicles by which BAT is traded in New York). The London-quoted stock shed 7 to 709p.

### Granada rises

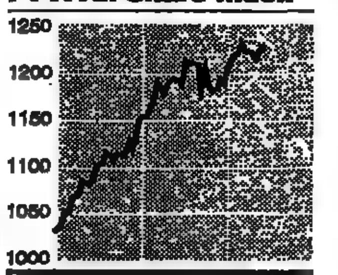
Granada Group continued several days of good form with an advance of 9 to 203p in volume of 1.6m shares. The rise was again accompanied by vague bid talk, but far more widespread was the belief that Granada is preparing a rights issue. Traders were prepared to pencil in early next week as the date for the cash call.

The company, with 11 per cent of BSkyB, is the smallest of the main shareholders in the loss-making satellite television concern, so provisions or contributions from Granada would have a relatively large effect in relation to its resources. Analysts have suggested that a rights issue is a plausible method for the company to meet its needs. Pearson, one of the other satellite company stakeholders, announced a £71m provision over BSkyB on Monday.

In addition, Carr [illegible] issued a sell [illegible] on [illegible]. The broker said a bid for the company was "out of the question" and the earnings outlook "cannot support the shares' premium to the market".

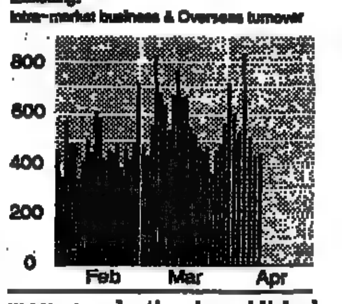
International stocks mostly followed Wall Street higher. The exceptions included Reuters, still smarting from James Capel's caution over the prospects for new products, and Hanson, where some feared that proposed changes in accounting standards would mean a reduction in published earnings figures. Reuters eased 6 to 864p and Hanson slipped 4 to 224½p.

**FT-A All-Share Index**




**Equity Shares Traded**

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover




London International (LIG), the health and household group, celebrated being placed on a buy list with a useful show of strength. Hoare Govett believes the shares have lagged the market since the January rights issue and its researchers are confident that LIG's core businesses offer buoyant growth prospects. They said: "In particular, photoprocessing should underpin a substantial uptick in profits in 1992-1993." Activity increased noticeably as the shares rose 9 to 260p.

Footsie stocks Pilkington and Hawker Siddeley rose as speculation continued that they were both vulnerable to predators. Once again BTR was said to be targeting Pilkington, up 6 at 201p, while several international groups were linked with Hawker, 12 higher at 592p.

The warning that [illegible] demand could lower profits this year by as much as 15 to 20 per cent put the skids under Dowty, the engineering and automotive group. Dealers [illegible] selling, which brought the shares back 9 to 173p.

Easily the best showing in the banks [illegible] came from TSB, which closed 8 higher at 157p on turnover of 8.4m, a figure well above usual levels of activity in the stock.

Dealers said the sharp increase in turnover came as at least two broking firms shifted their profits forecasts for the bank, putting the emphasis on what is seen as probable pre-provision growth of around 15 per cent in 1991 and 16 per cent in 1992.

Smith New Court said it had altered its profits projections for 1991 and 1992 to £250m and £475m. "Underlying growth at TSB looks likely to be the best in the sector," said Smith's Ms Alaison Deuchars.

Abbey National continued to respond to the strong buy note issued recently by Daiwa. Its banks analyst Mr Mike Fesemeyer has upgraded his profits forecast for the bank, citing an improved outlook for the UK housing market which would bring, he said, increased volumes, wider profit margins, reduced estate agency losses and a sharp decline in bad debts and repossessions. Abbey shares, which have outpaced the banks sector since the Daiwa note was issued, added 5 to equal the year's best of 284p.

Victaulic, the plastic pipes and fittings company, responded positively to the placing of 4.4m shares, representing the British Steel stake of 20 per cent, with a wide range of institutions at 467p a share. [illegible] Govett said the business was substantially oversubscribed. Victaulic ended 12 firmer at 494p.

The agreed [illegible] exchange offer from Simon Engineering put natural resources and environmental consultancy concern Robertson Group up 12 to 94p but Simon lost 9 to 363p.

TACE attracted buying inquiries after Southwind announced purchases of further shares which raised its total shareholding to [illegible] per cent. TACE closed 12 higher at 151p.

Swallowfield, the USM-listed aerosol manufacturer, [illegible]ded to good annual [illegible] and a confident statement on prospects with a rise of 20 to 153p. The company has applied for a full stock exchange listing and sees this as an important step in its expansion.

[illegible] Sachs [illegible] Maxwell Communication after early [illegible] shares changed hands as the stock ended 11 better on the day at [illegible], a turnround from the lowest point of down 18.

Property to textiles company Whitecroft dropped 30 to 170p after warning about poor trading, especially in the last four months of the year, which will result in lower profits and a reduced dividend distribution. The company plans to withdraw from property development activities and intends to sell its housebuilding operations.

The utilities arena attracted [illegible] in [illegible] directions. A review of the sector by Hoare Govett concluded that overall it offered good defensive qualities, secure earnings, consistent dividends and few commercial risks, but it emphasised the utilities' exposure to political, regulatory and environmental risks. Hoare's best buys in the sector are Severn Trent and Welsh Water, which the broker said offer [illegible] average dividend growth prospects. Severn Trent outpaced the rest of the waters, closing 9 up at [illegible].

■ Other Market statistics, including the FT-Actuaries share index, Page [illegible]

### NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (197).

BRITISH FUNDS (11) Exch. 3pc Gas '90-95, Treas. 8¾pc 1995-8, Fd. 3½pc 1999-2004, Treas. 2pc IL 1996, Do. 2½pc IL 2001, Do. 2½pc IL 2003, Do. 2pc IL 2006, Do. 2½pc IL 2009, Do. 2½pc IL 2011, Do. 2½pc IL 2013, Do. 2½pc IL 2016, INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) Utd. Mexican States 16½pc 2008, AMERICANS (1) Lone Star, CANADIANS (1) Amer. Barrick Res., BANKS (1) Secure Tst., BREWERS (4) [illegible] (JA), Do. 4.5pc Prf., Marston T[illegible], Wolv. & Dudley, BUILDINGS (5) As[illegible], Attwoods, Berkeley, EBC, Sheffield Insulations, CHEMICALS (1) Laporte, STORES (6) Argos, Cantors A, Kingfisher, Marks & Spencer, Ritz Design, Sherwood, ELECTRICALS (6) Domino Printing Sci., Forward Tech., Micro Focus, [illegible] Pegasus, ELECTRICITY (6) E[illegible], Norweb, Seeboard, Southern [illegible], ENGINEERING (4) Haden MacLellan, Johnson & Firth, Victaulic, Wagon Indl., FOODS (8) Argyll, Assoc. Fisheries, [illegible] Crisps, Iceland Frozen, Kwik [illegible], Morrison (Wm), Nurdin Peacock, Sainsbury [illegible] Food, INDUSTRIALS (25) Amer. [illegible] Sys., BET, Betterware, Brammer, Granada, Do. 7.5pc (Net) Prf., Huntingdon, Inchcape, Lonrho, Low & Bonar, Lynx, MB Caradon, Pilkington, RCO, Record, Reliance Sec., Sanders & Sidney, Scott Pickford, SmithKline Bchm. A, Do. Equity Units, Somic, Stag Furniture, Swallowfield, Titon, Walker [illegible]enbank, INSURANCE (3) Britannic, [illegible] USF & G, LEISURE (5) Barr & WAT A, [illegible] Owners Abroad, Do. 9.75 Prf., Radio [illegible] A, Scottish TV, MOTORS (2) Perry, Sanderson Murray Elder, NEWSPAPERS (3) Bristol Eve. Post, Maxwell Comms., Trinity, PAPERS (9) [illegible]-Gutsell, Filofax, Geers Gross, [illegible], TMD, WPP, [illegible] (J) [illegible] Appleton, PROPERTY (7) [illegible] Prop[illegible] 5¼pc Prf., Bilton (P), Bradford, Cap. & Counties, Gt. Portland Ests. 9½pc 2002, Land Lease, SOUTH AFRICANS (1) Gold Fields Props., TRANSPORT (1) Mayne [illegible] TRUSTS (51) Acorn Inv., Baillie [illegible]ford Japan, Dartmoor, EFM Java, [illegible] Fd. Managers, Exmoor Dual, Fleming Amer. 7pc Cnv. 1999, Flmng. High Inc., JF Fledg. Japan, JF Fledg. Wrrts., Lancs. & London, Latin Amer., Leveraged O[illegible]unity, M & G Dual Inc., Do. 2nd Dual Inc., Martin Currie Pac., Do. [illegible], Mexico Fd., Nth. Brit. Canadian, [illegible] Horizon, SPLIT, Scot. & Merc., Scot. Cities, [illegible]ires, Sphere Wrrnts., Sterling, Strata, TR Far Eastern Inc., TR Tech. Stppd. Prf., Throgmorton, Tyndall, WATER (3) Severn Trent, Thames, Wessex, OILS (9) Gulfstream Res., Can[illegible] Monument, New London, Shell Trans. Reg., Do. 7pc Prf., MINES (16) ACM, Delta Gold, Dominion, Gold Fields S.A., Gwalia Cons., Impala Plat., Indonesian Diamond, Ivernia West, Northam Plat., Placer Pac.

NEW LOWS (15).

BANKS (1) HSBC, BUILDINGS (2) Dunton, Freeman, STORES (1) Hampden Homecare, ELECTRICALS (2) Hiclare, Sema, INDUSTRIALS (4) GR, Hay (N), Hunting, Piston, PROPERTY (1) Hardanger, TRUSTS (2) Clayton Robard, Intl. Inv. Tst. Jersey, OILS (2) Atlantic Res., Com-Tek Res.

### FINANCIAL TIMES STOCK INDICES

[illegible]

SEAQ Bargains 4.45pm; Equity Turnover (£m)†; Equity Bargains†; Shares Traded (ml)†

Ordinary Share Index, Hourly changes

FT-SE 100, Hourly changes

FT-SE Eurotrack 200, hourly changes

### GILT EDGED ACTIVITY

| Indices* | Apr 10 | Apr 9 |
|---|---|---|
| Gilt Edged Bargains | 110.2 | [illegible] |
| 5-Day average | 114.6 | 110.9 |

*SE Activity [illegible] †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

### TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

### EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES recorded a disappointing trading session yesterday, according to one leading trader. Although the FT-SE June futures contract moved ahead sharply at first, in an apparent recovery from the setback at the [illegible] of the previous day, the impetus was soon lost and the final response to favourable data on US producer prices was somewhat unconvincing.

Early trading saw the Footsie future extending its premium to about [illegible] points against the cash market, or some 12 higher than most fair value estimates.

It was soon clear, however, that many of the local traders who had been speculating in futures earlier this week were seeking an opportunity to sell.

The premium on the futures contract was clipped back fairly swiftly, leaving many would-be sellers stranded. By the end of the day the premium had largely disappeared; later trading, indeed, saw a very small discount on the June future, an unusual development at this early stage of the contract's life.

Market specialists sounded very cautious ahead of this morning's announcement of the latest UK retail price index, mostly because London markets have already discounted a fall in [illegible] inflation, to be followed, hopefully, by at least a half-point cut in base rates.

## LONDON SHARE SERVICE

### BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| 1991 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99½ | 98½ | Treas 10pc Cv '91 ‡‡ | 99½ | ..... | 10.05 | [illegible] |
| 99½ | 99½ | Exch. 11pc 1991 | 99½ | ..... | 11.02 | [illegible] |
| 98½ | 96½ | Treas. 8pc 1991 | 98½ | ..... | 8.16 | [illegible] |
| 101½ | 100½ | Treas 12¾pc 1992‡‡ | 101½ | ..... | 12.57 | [illegible] |
| 99½ | 97½ | Treas 10pc 1992 | 99½ | ..... | 10.06 | [illegible] |
| 97½ | 95½ | Treas. 8pc 1992 ‡‡ | 97½ | ..... | 8.21 | [illegible] |
| 99½ | 98½ | Treas 10½pc Cv 1992‡‡ | 99½ | ..... | 10.52 | [illegible] |
| 93½ | 91½ | Treas. 3pc 1992 | 93½ | ..... | 3.20 | [illegible] |
| 102½ | 100½ | Exch. 12¼pc '92 | 102½ | ..... | 12.00 | [illegible] |
| 104½ | 102½ | Exch 13½pc 1992 | 103½ | –½ | 13.00 | [illegible] |
| 96½ | 94 | Treas 8¼pc 1993 | 96½ | –½ | 8.55 | [illegible] |
| 99½ | 97½ | Treas 10pc 1993‡‡ | 99½ | –½ | 10.05 | [illegible] |
| 104½ | 102½ | Treas 12½pc 1993‡‡ | 104½ | ..... | 11.97 | [illegible] |
| 93 | 89½ | Funding 6pc 1993‡‡ | 93 | ..... | 6.45 | [illegible] |
| 108½ | 105½ | Treas 13¾pc 1993‡‡ | 107½ | –½ | 12.78 | [illegible] |
| 96 | 92½ | Treas. 8½pc 1994 | 95½ | ..... | 8.87 | [illegible] |
| 111½ | 108½ | Treas 14½pc 1994‡‡ | 110½ | ..... | 13.12 | [illegible] |
| 109 | 105½ | Exch 13½pc 1994 | 108½ | –½ | 12.46 | [illegible] |
| 99½ | 96½ | Treas. 10pc Ln. 1994‡‡ | 99½ | ..... | 10.04 | [illegible] |
| 106½ | 103½ | Exch. 12¼pc 1994 | 106½ | –½ | 11.75 | [illegible] |
| 96½ | 93¼ | Treas 9pc 1994‡‡ | 96½ | ..... | 9.32 | [illegible] |
| 106½ | 102½ | Treas 12pc 1995 | 105½ | –½ | 11.35 | [illegible] |
| 85½ | 82½ | Exch 3pc Gas 90-95 | 85½ | +½ | 3.50 | [illegible] |
| 100½ | 96½ | Exch. 10¼pc 1995 | 100½ | –½ | 10.21 | [illegible] |
| 109½ | 105½ | Treas 12¾pc 1995‡‡ | 109½ | ..... | 11.66 | [illegible] |
| 113½ | 109½ | Treas. 14pc '96 | 112½ | –½ | 12.40 | [illegible] |
| 96½ | 92½ | Treas. 9pc 1992-96‡‡ | 96½ | –½ | 9.31 | [illegible] |

Five to Fifteen Years

| 1991 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 119½ | 115½ | Treas 15¼pc 1996‡‡ | 118½ | –½ | 12.85 | [illegible] |
| 112½ | 108 | Exch 13¼pc 1996‡‡ | 111½ | –½ | 11.91 | [illegible] |
| 100½ | 95½ | Conversion 10pc 1996 | 99½ | –½ | 10.07 | [illegible] |
| 113½ | 108½ | Treas 13¼pc 1997‡‡ | 112½ | –½ | 11.79 | [illegible] |
| 102½ | 97½ | Exch 10½pc 1997 | 101½ | –½ | 10.36 | [illegible] |
| 94½ | 89½ | Treas 8¾pc 1997‡‡ | 93½ | –½ | 9.34 | [illegible] |
| 122½ | 117 | Exch 15pc 1997 | 120½ | –½ | 12.41 | [illegible] |
| 98½ | 93½ | Exch. 9¾pc 1998 | 97½ | –½ | 9.95 | [illegible] |
| 85½ | 80½ | Treas 6¾pc 1995-98‡‡ | 85½ | –½ | 7.9[illegible] | [illegible] |

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

### BRITISH FUNDS—Contd

Index-Linked

[illegible]

### INT. BANK AND O'SEAS

[illegible]

### CORPORATION LOANS

[illegible]

### COMMONWEALTH & AFRICAN LOANS

[illegible]

### LOANS

Building [illegible]

[illegible]

Public Board and Ind.

[illegible]

### FOREIGN BONDS & RAILS

[illegible]

### AMERICANS

[illegible]

### AMERICANS—Contd

| 1991 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 48½ | 37½ | CPC Intnl. 25c | 46½ | +½ | $2.00 | – | 2.4 |
| 717p | 420p | California Engy | 796p | [illegible] | – | – | – |
| 49½ | [illegible] | Campbell Soup 15c | 47½ | +1½ | $1.16 | – | 1.4 |
| 10½ | [illegible] | Chase Manhattan $12½ | 9½ | ..... | $1.20 | – | 7.3 |
| 8½ | [illegible] | Chrysler $6¼ | 7½ | +½ | 60c | – | [illegible] |
| 9½ | [illegible] | Citicorp $1 | 9½ | ..... | $1.00 | – | [illegible] |

[illegible]

### CANADIANS

[illegible]

Continued on next page

## APPOINTMENTS

### Procurement chief at Ford of Europe

■ Mr Mike Creighton has been appointed director, facilities and general supplies, for FORD OF EUROPE. He joined Ford in [illegible], and was recently in a number of procurement manager [illegible] the [illegible] for body and assembly in Britain. He succeeds Mr John Chelsom who has retired.

■ Mr D.J. Miller has been promoted from July 1 to group secretary of SUN ALLIANCE GROUP, succeeding Mr H. Silver who retires on June 30. Mr Miller was deputy secretary.

■ EUROCOPY has appointed to the main board Mr Colin Gilbert who continues as group legal director.

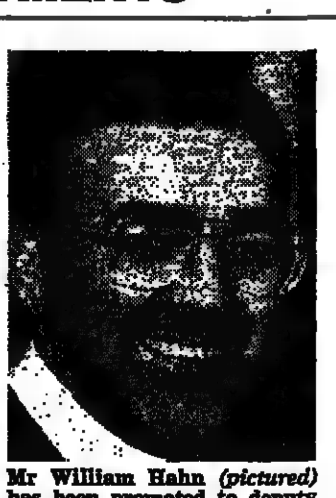
■ CIGNA international financial services has appointed Mr John Hamblet as director of the newly-formed global benefits management division. He was with the international division of the Alexander Consulting Group.

■ BARCLAYS de ZOETE WEDD has appointed Mr Jan Hasek as a director in its corporate finance division. He is to be head of investment banking in the newly-established Barclays Group representative office in Prague.

■ Mr David Goatley has joined REG VARDY, and will be based at the Anchor Ford dealership in Reading. He was managing director of D.C. Cook.

■ Mr John Gray has been appointed joint managing director of McCARTHY & STONE, Bournemouth, with Mr John McCarthy, who remains chairman. Mr Harry Harrison becomes construction director, and Mr Kevin Holland joins the board as sales and marketing director.

RATHBONE BROS. & CO has appointed Mr Ian Tod *(pictured)* as an executive director, based in Liverpool. He is chairman of Albany Investment Trust.



Mr William Hahn *(pictured)* has been promoted to deputy managing director, Mr Andrew Eno becomes executive director, and Mr Adam Plummer is made associate director, fixed income and money markets, at THE NIKKO SECURITIES CO (EUROPE). Mr Philip Brown (corporate finance) and Mr David Hampshire (financial control) become [illegible] directors.

■ Mr Phil Richards has been promoted to the board of BERRY PALMER & LYLE, Lloyd's brokers. He joined in 1988 from the Credit Insurance Association. Mrs Tracy Woods and Miss Margaret Cunningham become assistant directors.

■ SOREMA (UK), London subsidiary of the French company, has appointed to the board Mr Andrew Young, managing director of the NFU Mutual & Avon Group, and Mr Alan Preston who was chief executive of Victory Reinsurance.

■ Mr Peter Allan [illegible] promoted to technical director of MORRIS ASHBY CASTINGS, Witham. He [illegible] technical [illegible].

■ Mr Arthur Hughes, chief executive of Babcock Prebon, has been appointed chairman of BABCOCK FULTON PREBON INTERNATIONAL, succeeding Mr Michael Warren who retires on May 1.

■ Mr David Walker has been reappointed a part-time member of the BRITISH COAL CORPORATION board for three [illegible] from July 1. He is chairman of Sun International Exploration and Production Co. and of Sun Oil Britain.

■ MEYER INTERNATIONAL has appointed Mr Andrew Ewers as group chief accountant, succeeding Mr Alan Stead who has become financial controller of Meyer's recently established European office in The Netherlands. Mr Ewers was group financial accountant.

■ At SHERWOOD COMPUTER SERVICES Mr David Lawrence moves from finance director to commercial director. He is succeeded as finance director by Mr Charles Taylor who has been managing director of Sherwood Financial Systems.

# LONDON SHARE SERVICE

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## BANKS, HP & LEASING

| 1991 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £11¼ | £9¾ | ABN Amro Fl5 | £11 | ..... | Q30% | ● | 4.2 | ● |
| 151 | 121 | ANZ SA1 | 144 | +3 | Q38c | 1.9 | 11.5 | 4.6 |
| 284 | 211 | Abbey National 10p | 284 | +5 | 9.5 | 3.0 | 4.5 | [illegible] |
| 183 | 126 | Allied Irish Ord | 170 | ..... | †Q40% | 3.3 | 5.3 | [illegible] |
| 65 | 53 | Anglo Irish | 60 | ..... | Q18.6% | 2.9 | 7.0 | [illegible] |
| 60 | 38 | Ansbacher (H.) 1p | 38 | ..... | 1.5 | 0.3 | 5.9 | – |
| £55[illegible] | £42[illegible] | Bancaire Cie Fr100 | £48[illegible] | –[illegible] | Q15% | – | 3.2 | – |
| £17¼ | £12½ | Banco Bilbao Viz | £17 | ..... | Q49.1% | 2.7 | 4.8 | 7.7 |
| £30[illegible] | £21[illegible] | Banco de Santander | £30[illegible] | ..... | Q28.7% | 2.3 | 3.9 | 10.7 |
| 208 | 139 | Bank Ireland Ir£1 | 198 | ..... | Q14.7% | 2.9 | 6.7 | 6.9 |
| £19½ | £19½ | Bank Leumi | £19½ | ..... | – | – | – | – |
| 350 | 350 | Bank Leumi (U.K.)£1 | 350 | ..... | 16.0 | – | 6.1 | – |
| 146 | 111 | Bank Scotland | 140 | ..... | 14.55 | 3.4 | 4.3 | 8.9 |
| 110 | 96½ | Do. 9¼pc Irrd Pf £1 | 105½ | –½ | 9¼% | – | 11.7 | – |
| 110½ | 99½ | Do. 9¾pc Irrd Pf £1 | 109½ | ..... | 9¾% | – | 11.8 | – |
| 43 | 35 | Bank of Wales | 43 | ..... | 2.8 | 0.8 | 8.7 | (20.7) |
| 489 | 327 | Barclays £1 | 468 | +5 | 21.15 | 1.1 | 6.0 | 19.5 |
| 12 | 9 | Benchmark 20p | 10 | ..... | 0.75 | – | 10.0 | – |
| 252 | 195 | Brown Shipley £1 | 252 | ..... | ‡12.0 | 2.2 | ‡ | 8.1 |
| 464 | 384 | Cater Allen £1 | 454 | –5 | F24.5 | – | 7.2 | – |
| 44 | 36 | Chancery | 36 | ..... | ‡9.0 | 2.7 | ‡ | 1.4 |
| £18¾ | £15 | Commerzbk DM10 | £17¼ | ..... | Q20% | – | 3.9 | – |
| £231¼ | £191[illegible] | Deutsche Bk DM50 | £210[illegible] | –[illegible] | Q28% | – | 2.2 | – |
| £9¾ | £7[illegible] | Dai Ichi KBk Y50 | £9[illegible] | –[illegible] | Q17% | 6.2 | 0.4 | 44.6 |
| £18½ | £16¼ | Espirito Santo | £18 | ..... | Q75c | 5.1 | 2.3 | 8.4 |
| 213 | 152 | First Nat. Fin. 10p | 205 | ..... | 13.0 | 1.2 | 8.5 | (12.2) |
| 110 | 78 | FNFC 6.3pc Cv. Pf £1 | 108 | +2 | 6.3% | – | 7.8 | – |
| 1100 | 867 | Fuji Bank Y50 | 1070 | ..... | Q17% | 6.9 | 0.3 | 45.6 |
| 355 | 303 | Gerrard & National | 339 | –5 | 19.0 | – | 7.5 | – |
| 78 | 50 | Guinness Mahon 10p | 51½ | +½ | 1.45 | – | 3.8 | – |
| 193 | 185 | HSBC Hldgs HK$10 | 185 | –4 | Q38.18c | – | 1.5 | – |
| 302 | 204 | Hambros 20p | 267 | –1 | †11.5 | – | 5.7 | – |
| 125 | 90 | Do. 7.5pc Cv Pf £1 | 112 | +1 | 7½% | – | 8.9 | – |
| 413 | 378 | Joseph (Leo) £1 | 408 | ..... | 15.85 | – | 5.2 | – |
| 153 | 121 | King & Shaxson 20p | 151 | ..... | 10.25 | – | 9.1 | – |
| 377 | 249 | Kleinwort Benson Gp | 337xd | –2 | 16.0 | – | 6.3 | – |
| 491 | 392 | Kyowa Bk Y50 | 463 | –12 | Q14% | 3.8 | 0.6 | 43.8 |
| 379 | 268 | Lloyds £1 | 368 | –1 | 15.3 | 1.6 | 5.7 | 14.7 |

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS – Contd

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS – Contd

[illegible]

## ELECTRICITY

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING – Contd

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INDUSTRIALS (Miscel.) – Contd

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

# LONDON SHARE SERVICE

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## MOTORS, AIRCRAFT TRADES

| 1991 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 81 | 50 | ABI Leisure 10p | 81 | ..... | 3.1 | 4.4 | 5.1 | 5.6 |
| £7[illegible] | £5¼ | DAF N.V. Fl5 | £7¼ | +⅛ | – | – | – | – |
| 109 | 79 | General Mtrs Units | 102 | ..... | [illegible] | – | 6.8 | – |
| 14 | 9 | March Group 5p | 14 | ..... | – | – | – | – |
| £133¼ | £101[illegible] | Volkswagen DM50 | £120½ | [illegible] | Q22% | 3.5 | 3.1 | 9.4 |
| £30[illegible] | £18¾ | Volvo AB 'B' Kr25 | £30¼ | [illegible] | Q62% | ♦ | 4.7 | ♦ |

### Commercial Vehicles

| 1991 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 158 | 113 | ERF (Hldgs) | 153 | ..... | †10.0 | 1.6 | ‡ | 9.3 |
| 73 | 48 | Plaxton Grp | 58xd | ..... | 4.5 | ♦ | 10.3 | ♦ |

### Components

| 1991 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 470 | 453 | Abbey Panels | 470 | ..... | 3.5 | 10.8 | 1.0 | 12.5 |
| 140 | 123 | Airflow Streamlines | 138 | ..... | 6.0 | 3.0 | 5.8 | 7.7 |
| 147 | 140 | Bostrom 5p | 143 | ..... | 6.0 | ♦ | 5.7 | ♦ |
| 196 | 145 | Dowty 50p | 173 | –9 | †9.0 | 2.1 | 6.9 | 8.3 |
| 181 | 115 | FR Group | 175 | ..... | 6.37 | 3.1 | 4.9 | 8.9 |
| 120 | 69 | Kwik-Fit Hldgs. 10p | 113 | ..... | 2.75 | ♦ | 3.3 | ♦ |
| 173 | 125 | Lucas Inds | 170xd | +5 | 7.0 | 2.2 | 5.5 | 9.6 |
| 36½ | 18 | Do. Warrants | 36½ | +2 | – | – | – | – |
| 60 | 47 | Mid-States 10p | 59 | ..... | s20.75 | – | 1.7 | 37.1 |

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY – Contd

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRANSPORT

[illegible]

## INVESTMENT TRUST

[illegible]

## INVESTMENT TRUST – Contd

[illegible]

## INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

## FINANCE, LAND, ETC

[illegible]

## WATER

[illegible]

## OIL AND GAS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES – Contd

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

[illegible] ... on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital d[illegible]

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – |
|---|---|---|
| Craig & Rose £1 | 690 | ..... |
| Finlay Pkg. 5p | 33 | ..... |
| Holt (Jos) 25p | 1600 | ..... |

### IRISH

| Stock | Price | + or – |
|---|---|---|
| Cap. 8½% Ln. 1991 | £99⅞ | ..... |
| 9pc Cap Ln. 1996 | £98½ | –½ |
| Fin. 13% 97/02 | £114½ | ..... |
| Arnotts | 165 | ..... |
| Carrol (P.J.) | 134 | ..... |
| Helton Hldgs. | 58 | ..... |
| IRG | 155 | ..... |
| United Drug | 178 | ..... |

## TRADITIONAL OPTIONS

3-month call [illegible]

### Industrials

| Stock | p |
|---|---|
| Allied-Lyons | 46 |
| Amstrad | 7 |
| Astec (BSR) | 6 |
| BAT | 68 |
| BOC Grp | 31 |
| BTR | 33 |
| Barclays | 38 |
| Blue Circle | 24 |
| Boots | 30 |
| Bowaters | 53 |
| Brit Aerospace | 56 |
| British Steel | 12 |
| Brit. Telecom | 29 |
| Cadburys | 33 |
| Charter Cons. | 45 |
| Comm Union | 44 |
| Courtaulds | 32 |
| Eurotunnel | 58 |
| FKI | 6 |
| FNFC | 28 |
| Gen Accident | 48 |
| GEC | 17 |
| Glaxo | 80 |
| Grand Met | 62 |
| Guardian | 19 |
| GKN | 31 |
| Hanson | 19 |
| Hawker Sidd | 39 |
| ICI | 80 |
| Ladbroke | 22 |
| Legal & Gen | 36 |
| Lex Service | 28 |
| Lloyds Bank | 38 |
| Lucas Inds | 13 |
| Marks & Spencer | 21 |
| Midland Bk | 18 |
| Nat West Bk | 27 |
| P & O Dfd | 51 |
| Racal Elect | 18 |
| RHM | 28 |
| Rank Org Ord | 63 |
| Ratners | 17 |
| Reed Intnl | 36 |
| Sears | 8½ |
| SmKl. Beecham A | 58 |
| TI | 45 |
| TSB | 12 |
| Tesco | 21 |
| Thorn EMI | 64 |
| Trust Houses | 23 |
| T&N | 15 |
| Unilever | 60 |
| Vickers | 19 |
| Wellcome | 40 |

### Property

| Stock | p |
|---|---|
| Brit Land | 30 |
| Control Secs | 3 |
| Land Securities | 45 |
| MEPC | 48 |
| Mountleigh | 8½ |

### Oils

| Stock | p |
|---|---|
| Aviva Petlm | 3 |
| Brit Petroleum | 28 |
| Burmah Castrol | 49 |
| Conroy Petlm | 18 |
| Gaelic Res | 1 |
| Premier | 6 |
| Shell | 41 |
| Tuskar Res | 2 |
| Ultramar | 38 |

### Mines

| Stock | p |
|---|---|
| Lonrho | 21 |
| RTZ | 48 |

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

# FT MANAGED FUNDS SERVICE

[redacted] Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. [redacted] your free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Abbey Unit Tst Mngrs (1000)H** | | | | | | |
| 80 Holdenhurst Rd, Bournemouth 0345 717373 | | | | | | |

**Marks & Spencer Unit Trust Ltd (1200)F**
PO Box 410, Chester X, CH99 9DG 0244 680066

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| M & S Inv P'folio | 5½ | 111.6 | 112.0 | 119.7 | +0.2 | 3.92 |
| Do Accum | 5½ | 118.0 | 118.3 | 126.5 | +0.2 | 3.92 |
| UK Sel P'folio | 5½ | 100.9 | 101.8 | 108.8 | +0.3 | 4.36 |

**Murray Johnstone UT Mgmt (1000)H**
7 West Nile St, Glasgow G2 2PX 0345 090 933

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Acumen | 5 | 68.98 | 69.59 | 74.27 | +0.28 | 3.02 |
| American Income | 5 | 120.0 | 120.0 | 127.0 | +0.80 | 3.47 |
| Equity Income | 5 | 84.96 | 84.96 | 90.68 | -0.05 | 5.41 |
| Olympiad Income | 5½ | 42.59 | 42.59 | 45.43 | -0.03 | 4.71 |
| UK Growth | 5 | 72.64 | 73.46 | 78.40 | +0.44 | 1.43 |

**NFU Mutual Unit Mngrs Ltd (1400)F**
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Avon Equity | 6 | 92.31 | 93.82 | 99.81 | +0.04 | 3.74 |

**NM Unit Trust Mngrs (1200)H**
The Bitton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American | 5¼ | 31.25 | 31.25 | 33.33 | | |
| (Accum Units) | 5¼ | 33.45 | 33.45 | 35.68 | | |
| Australian | 5¼ | 170.50 | 170.50 | 182.90 | | |
| (Accum Units) | 5¼ | 192.00 | 192.00 | 206.00 | | |

## Guide to pricing of Authorised Unit Trusts

Compiled with [redacted] Lautro [redacted]

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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| | Init Charge | Canc. Price | [illegible] | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Swiss Life Unit Tst Man Co Ltd (1200)F** | | | | | | |
| Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex | | | | | | |
| Enquiries: 0277 227300 Dealing: 0277 261010 | | | | | | |
| Equity Dist | 5½ | 425.8 | 433.6 | 458.8 | +0.6 | 3.66 |
| Equity Acc | 5½ | 592.2 | 603.0 | 638.1 | +0.8 | 3.66 |
| Fixed Int Dist | 5½ | 113.1 | 115.2 | 119.4 | -0.1 | 8.43 |
| Fixed Int Acc | 5½ | 240.6 | 245.2 | 254.1 | -0.1 | 8.43 |
| UK Index Track Dist | 5 | 98.83 | 99.79 | 105.6 | +0.4 | 4.18 |
| UK Index Track Acc | 5 | 103.4 | 104.3 | 110.4 | +0.3 | 4.18 |
| **TSB Unit Trusts (1200)H** | | | | | | |
| Charlton Pl, Andover, Hants. SP10 1RE 0264 346794 | | | | | | |
| TSB American | 6 | 132.27 | 132.27 | 140.71 | +0.54 | 0.38 |
| Do Accum | 6 | 144.59 | 144.59 | 153.81 | +0.59 | 0.38 |
| TSB Brit Growth | 6 | 73.54 | 74.71xd | 79.47 | +0.12 | 3.20 |
| Do Accum | 6 | 82.37 | 83.68xd | 89.02 | +0.14 | 3.28 |
| TSB European | 6 | 73.38 | 73.8 | 78.5 | +0.18 | 0.98 |
| Do Accum | 6 | 76.05 | 76.47 | 81.35 | +0.17 | 0.98 |
| TSB Extra Income | 6 | 164.38 | 166.16xd | 176.76 | [illegible] | [illegible] |
| Do Accum | 6 | 237.04 | 239.6xd | 254.89 | [illegible] | [illegible] |
| TSB Smaller Cos | 6 | 44.94 | 46.55xd | 49.52 | [illegible] | [illegible] |
| Do Accum | 6 | 47.55 | 49.26xd | 52.4 | [illegible] | [illegible] |
| TSB General | 6 | 229.07 | 229.07 | 243.69 | +0.37 | 3.44 |
| Do Accum | 6 | 427.41 | 427.41 | 454.69 | +1.04 | 3.44 |
| TSB Premier Income | 5 | 44.69 | 45.3 | 47.18 | -0.01 | 8.29 |
| Do Accum | 5 | 79.98 | 81.06 | 84.43 | -0.02 | 8.29 |
| TSB Income | 6 | 307.46 | 312.88 | 332.85 | +0.72 | 4.84 |
| Do Accum | 6 | 571.57 | 581.65 | 618.77 | +1.34 | 4.84 |
| TSB Pacific | 6 | 231.11 | 231.11 | 245.86 | -4.82 | 0.46 |
| Do Accum | 6 | 240.47 | 240.47 | 255.81 | -5.02 | 0.46 |
| TSB International | 6 | 390.89 | 390.89 | 415.84 | -0.5 | 0.85 |
| Do Accum | 6 | 501.39 | 501.39 | 533.39 | [illegible] | [illegible] |
| TSB Nat Resources | 6 | 62.33 | 63.46xd | 67.5 | [illegible] | [illegible] |
| Do Accum | 6 | [illegible] | 69.14xd | 73.55 | [illegible] | [illegible] |
| TSB Sicto Opps | 6 | [illegible] | 80.22xd | 85.33 | [illegible] | [illegible] |
| Do Accum | 6 | [illegible] | 96.63xd | 102.79 | [illegible] | [illegible] |
| Environmental Inv | 6 | [illegible] | 48.28 | 51.33 | [illegible] | [illegible] |
| Do Accum | 6 | [illegible] | [illegible] | 52.96 | [illegible] | [illegible] |
| TSB Selector | 6 | [illegible] | [illegible] | 53.02 | [illegible] | [illegible] |
| Do Accum | 6 | [illegible] | [illegible] | 54.64 | [illegible] | [illegible] |
| TSB High Income | 6 | [illegible] | [illegible] | 55.78 | [illegible] | [illegible] |
| Do Accum | 6 | [illegible] | [illegible] | 57.26 | [illegible] | [illegible] |
| TSB Intl Income | 6 | 49.28 | [illegible] | 52.69 | [illegible] | [illegible] |
| Do Accum | 6 | 51.24 | [illegible] | 54.79 | [illegible] | [illegible] |
| TSB Selector Income | 6 | 51.24 | [illegible] | 55.14 | [illegible] | [illegible] |
| Do Accum | 6 | 51.24 | [illegible] | 55.14 | [illegible] | [illegible] |
| **Target Trust Mngrs Ltd (1600)F** | | | | | | |
| The Exchange, 66 High St, Aylesbury, Bucks, HP20 [illegible] | | | | | | |
| Admin: 0296 394000 Dealing: 0296 31[illegible] | | | | | | |
| American Eagle | 5 | 74.83 | 74.83 | 79.84 | +0.0[illegible] | [illegible] |
| Australia | 5 | 6.125 | 6.125 | 6.565 | [illegible] | 1.83 |
| Equity | 5 | 167.2 | 167.2 | 179.2 | +0.6 | 4.47 |
| Euro Spet Sits | 5 | 111 | 111.0 | [illegible] | -0.6 | 0.58 |
| Financial | 5 | 29.86 | 29.86 | [illegible] | +0.05 | 4.65 |
| Global Opps Inc | 5 | 67.07 | 67.07 | [illegible] | -0.28 | 1.48 |
| Global Opps Acc | 5 | 68.53 | 68.53 | [illegible] | -0.29 | 1.48 |
| Gold & Gen Inc | 5 | 37.82 | 37.82 | [illegible] | -0.11 | 1.35 |
| Gold & Gen Acc | 5 | 70.71 | 70.71 | [illegible] | -0.22 | 1.35 |
| Income | 5 | 105.3 | 105.3xd | [illegible] | +0.7 | 5.81 |
| Japan & General | 5 | 134.2 | 134.2 | [illegible] | -0.1 | 0.00 |
| Preference Share | 5 | 19.44 | 19.44xd | [illegible] | [illegible] | 11.13 |
| UK Capital | 5 | 89.44 | 89.44 | [illegible] | +0.12 | 3.76 |
| World Income | 5 | 65.11 | 65.11xd | [illegible] | +0.14 | 4.64 |
| Worldwide Capital | 5 | 170.7 | 170.7 | [illegible] | [illegible] | [illegible] |

**Templeton Unit Trust Managers Ltd (1200)F**

**Thornton Unit Managers Ltd (1600)F**

**Three Counties Asset Mngmt Ltd (1430)F**

**Timberlake Trust Mngrs Ltd (0900)F**

**Touche Remnant Unit Tst Mgmt Ltd (1600)H**

**Trades Union Unit Tst Mngrs (1200)H**

For Tyndall see Anglo

**United Charities Unit Trusts (1000)H**

**Wardley Unit Tst Mngs Ltd (1300)F**

**Waverley Unit Tst Mngmt Ltd (1000)F**

**Wessex Asset Management (1330)F**

**Whittingdale Unit Tst Mgmt Ltd**

**Willbro Financial Services Ltd (0905)F**

**Woolwich Unit Trust Managers Ltd (1700)H**

**Wright Seligman Fund Mngrs Ltd (1700)F**

Weekly dealing day Tuesday

## OTHER UK UNIT TRUSTS

**Baillie Gifford & Co Ltd**

**James Capel Fund Managers Ltd**

**Cent. Bd. of Fin. of Church of England**

**Charinco/Charishare (1000)F**

**CAFINVEST-Charities Aid Foundation**

**COIF-Charities Official Inv Fd**

**Edinburgh Fund Mngrs PLC**

**Fidelity Investment Services Ltd**

**Robert Fleming Asset Mngmt Ltd**

**Funds in Court**

**Henderson Unit Trust Management Ltd**

**INVESCO MIM Management Ltd**

**Lazard Brothers & Co. Ltd**

**Lazard Investors Ltd**

**Local Authorities Mutual Invest. Tst.**

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **M & G Securities Ltd** | | | | |
| Charibond | 102.10 | 102.10 | ...... | 10.56 |
| (Accum Units) | 556.03 | 556.03 | -0.1 | 10.56 |
| NAACIF Apr 10 | - | 43.54 | ...... | 9.33 |
| **Morgan Grenfell Unit Trust Managers Ltd** | | | | |
| Exempt Funds | | | | |
| UK Equity † Apr 9 | 130.5 | 139.7 | ...... | 2.80 |
| UK Small Co † Apr 9 | 516.9 | [illegible] | ...... | 1.92 |
| Fixed Interest † Apr 9 | 108.5 | [illegible] | ...... | 7.79 |
| US Small Co Apr 9 | 147.7 | [illegible] | ...... | 0.00 |
| Managed Apr 9 | 108.2 | [illegible] | ...... | 1.25 |
| Intl Bond Apr 9 | 112.2 | [illegible] | ...... | 7.72 |
| Japan Apr 9 | 75.30 | 80.60 | ...... | 0.84 |
| European Apr 9 | 85.56 | 91.65 | ...... | 1.61 |
| Nth American Apr 9 | 104.2 | 111.5 | ...... | 1.26 |
| **Murray Johnstone UT Mngmt** | | | | |
| Murray Exempt Funds | | | | |
| Amer Expt Apr 10 | 49.21 | 51.18 | ...... | 2.78 |
| Euro Expt Apr 10 | 50.56 | 53.09 | ...... | 2.16 |
| Fixed Int Ex Apr 10 | 46.91 | 48.07 | ...... | 10.28 |
| Japan Expt Apr 10 | 46.25 | 48.10 | ...... | 0.55 |
| Managed Ex Apr 11 | 44.71 | 46.91xd | +0.76 | 4.34 |
| SE Asia Expt Apr 10 | 68.98 | 72.42xd | ...... | 3.70 |
| Sm Cos Expt Apr 10 | 33.64 | 35.32 | ...... | 4.42 |
| UK Eqty Ex Apr 10 | 42.76 | 44.89 | ...... | 3.73 |
| **Phillips & Drew Fund Management Ltd** | | | | |
| Small Co's Apr 2 | 707.1 | 752.0xd | ...... | 4.5 |
| Do Accum | 798.8 | 849.4 | ...... | 4.5 |
| Int. Expt Apr 10 | 171.7 | 175.1 | -2.7 | 2.59 |
| UK Index Apr 2 | 1160.0 | 1183.0xd | ...... | 4.9 |
| Do Accum | 1249.0 | 1273.0 | ...... | 4.9 |
| Convertible Apr 5 | 94.39 | 97.38xd | ...... | 7.87 |
| World ex UK Index Apr 8 | 797.6 | 807.4 | ...... | 1.86 |
| Do Accum | 797.6 | 807.4 | ...... | 1.86 |
| Japan Index Apr 8 | 633.9 | 642.6 | ...... | 0.59 |
| Do Accum | 635.5 | 644.1 | ...... | 0.59 |
| USA Index Apr 8 | 966.6 | 972.3 | ...... | 3.10 |
| Do Accum | 990.4 | 996.2 | ...... | 3.10 |
| European UK Index Apr 1 | 875.9 | 896.0 | ...... | [illegible] |
| Do Accum | 895.8 | 916.2 | ...... | [illegible] |
| Pacific ex Jap Index Apr 8 | 914.5 | 940.3 | ...... | [illegible] |
| Do Accum | 948.6 | 975.2 | ...... | [illegible] |
| Managed Exempt Apr 10 | 104.7 | 106.4 | -0.8 | [illegible] |
| American Exempt Apr 10 | 125.6 | 127.7 | -2.4 | [illegible] |
| European Exempt Apr 10 | 114.1 | 115.9 | -1.8 | [illegible] |
| Japan Exempt Apr 10 | 113.5 | 116.0 | -0.78 | [illegible] |
| Pacific Basin Apr 10 | 122.5 | 126.7 | -1.7 | 3.72 |
| **NM Rothschild Asset Management Ltd** | | | | |
| NC Managed | 61.1 | 65.1xd | +0.1 | 3.00 |
| NC Property | 157.8 | 173.6xd | ...... | - |
| **J. Rothschild Fund Managers Ltd** | | | | |
| Intl Exempt Accum | 135.1 | 136.4 | ...... | 2.84 |
| **[illegible] Ivory & Co Ltd** | | | | |
| [illegible] Mar 14 | 276.7 | 291.3 | ...... | - |
| Closed to any business | | | | |

**Thornton Unit Managers Ltd**

**Touche Remnant Unit Tst Mngt Ltd**

## INSURANCES

**AA Friendly Society**

**Abbey Life Assurance Co Ltd**

**Allied Dunbar Assurance Plc**

**Albany Life Assurance Co Ltd**

**Allied Dunbar Assurance Plc—Contd.**

**Ambassador Life Assn. Co Ltd**

**American Life Insurance Co UK**

**Avon Insurance Plc**

**Barclays Life Assur. Co Ltd**

**Black Horse Life Ass. Co Ltd**

**Britannia Life Ltd**

**Canada Life Group**

**Cannon Assurance Ltd**

**Century Life Plc**

**Citibank Life**

**City of Westminster Assurance Co**

**Clerical Medical/Fidelity Investments**

**Clerical Medical Investments Group**

**Clerical Medical Managed Funds Ltd**

**Colonial Mutual Group**

**Combined Life Assurance Co**

**Commercial Union Group**

**Cornhill Insurance PLC**

**Crown Financial Management Ltd**

**Crusader Insurance Plc**

**Eagle Star Life Assurance Co Ltd**

**Eagle Star Inter./Midland Assur.**

**Economic Insurance Company Ltd**

**Equitable Life Assurance Society**

**Equity & Law**

**Family Assurance Society**

**Friends Provident**

**GT Unit Managers Ltd**

**General Accident**

**General Portfolio Life Insur. Plc**

**Assicurazioni GENERALI SpA**

**Gresham Unit Assurance Ltd**

**Growth & Sec. Life Assce. Soc. Ltd**

**Guardian Royal Exchange**

**Guardian Royal Exchange—Contd.**

**Hearts of Oak Insurance Group**

**Henderson Administration**

**Hill Samuel Life Assur. Ltd**

**Homeowners Friendly Society**

**Ideal Insurance Co Ltd**

**Interlife Assurance Co Ltd**

**Lancashire & Yorkshire Assce Society**

**Laurentian Life plc**

**Legal & General (Unit Assur) Ltd**

**Legal & General (Unit Pensions) Ltd**

**Liberty Life Assurance Co Ltd**

**The Life Association of Scotland**

**Lifetime Assurance Co Ltd**

**London Indemnity & Gnl. Ins. Co Ltd**

**London Life**

**London & Manchester Group**

**M & G Life and M & G Pensions**

**MGM Assurance**

**Manchester Unity Assurance**

**ManuLife Group PLC**

**Merchant Investors Assurance Co Ltd**

**Merchant Investors Assurance Co Ltd — Contd.**

**Minerva Life Assurance Co Ltd**

**Midland Life Limited**

**NEL Britannia Assce Co Ltd**

**NEL Pensions Ltd**

**NM Life Assurance Ltd**

Continued on next page

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

**N & P Life Assurance Ltd**
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Managed Fd | 104.9 | 110.4 | +0.1 | - |
| Pension Managed Fd | 102.1 | 107.6 | +0.1 | - |
| Life Deposit Fd | 105.9 | 111.4 | ---- | - |
| Pension Deposit Fd | 110.5 | 116.3 | ---- | - |

**National Financial Management Corp PLC**
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Funds | | | | |
| Managed Cautionary | 111.4 | 122.5 | ---- | - |
| Managed Growth | 138.1 | 151 | -0.7 | - |
| Managed Opportunity | 136.3 | 149.8 | -0.6 | - |
| NFMC Target Financial | 102.7 | 110.5 | -1.3 | - |
| Pension Funds | | | | |
| Managed Cautionary | 120 | 131.2 | +0.1 | - |
| Managed Growth | 144.7 | 158.2 | -0.7 | - |
| Managed Opportunity | 137.5 | 150.3 | -0.6 | - |
| NFMC Target Mngt Fnd | 1502.7 | 1633.4 | +0.9 | - |

**National Mutual Life**
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Harvester Pension Funds | | | | |
| Managed | 161.2 | 169.7 | ---- | - |
| UK Equity | 171.7 | 180.8 | ---- | - |
| Overseas Equity | 131.6 | 138.6 | ---- | - |
| Fixed Interest | 143.9 | 151.5 | ---- | - |
| Property | 130.8 | 137.7 | ---- | - |
| Index Linked | 147.3 | 155.1 | ---- | - |
| Deposit | 153.8 | 161.9 | ---- | - |
| With Profits (8) | 127.1 | 133.8 | ---- | - |

**National Provident Institution**
48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 350.8 | 369.3 | +0.3 | - |
| UK Equity | 447.9 | 471.5 | +0.5 | - |
| Overseas Eq | 340.1 | 358.0 | +0.7 | - |
| American | 272.8 | 287.2 | +1.1 | - |
| Far East | 369.0 | 388.5 | -3.3 | - |
| Property | 193.8 | 204.0 | +0.1 | - |

**Prosperity Life Assurance Ltd**
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Initial Equity | 155.0 | 164.0 | +0.5 | - |
| Accum Equity | 220.5 | 232.5 | ---- | - |
| Accum Managed | 226.5 | 239.0 | ---- | - |
| Accum Five Star | 169.5 | 179.0 | -0.5 | - |
| Accum World | 122.0 | 129.0 | ---- | - |
| Accum Lifeline | 113.1 | 113.1 | ---- | - |
| Pens Acc Equity | 240.0 | 253.5 | +0.5 | - |
| Pens Acc Managed | 283.5 | 299.0 | ---- | - |
| Pens Acc Intl | 206.5 | 218.0 | ---- | - |
| Pens Acc Deposit | 195.5 | 206.0 | ---- | - |
| Pens Acc Five Star | 186.0 | 196.5 | -1.0 | - |

**Providence Capital Life Assc. Co Ltd**
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc | 229.9 | 242.6 | +1.0 | - |
| UK Fixed Int Acc | 169.9 | 179.3 | ---- | - |
| Intl Equities Acc | 175.8 | 185.5 | -1.4 | - |
| UK Managed Acc | 174.4 | 183.9 | +0.3 | - |
| Property Acc | 225.7 | 238.1 | ---- | - |
| Money Acc | 127.5 | 134.5 | ---- | - |
| Special Market Acc | 131.7 | 139.0 | +1.4 | - |
| Japan Equity Acc | 106.8 | 112.7 | -0.4 | - |
| North American Acc | 102.1 | 107.8 | +0.6 | - |
| Pacific Acc | 92.8 | 97.9 | ---- | - |
| Technology Acc | 122.2 | 129.0 | +2.0 | - |
| Nat Resources Acc | 55.8 | 58.9 | +0.4 | - |
| European Acc | 100.3 | 105.9 | ---- | - |
| Residential Prop Acc | 96.3 | 101.6 | ---- | - |
| Swiss Equities Acc | 35.0 | 37.0 | -0.6 | - |
| Hong Kong Acc | 61.4 | 64.8 | -0.9 | - |
| UK High Inc Eq Acc | 76.5 | 80.7 | +0.6 | - |
| Int Fixed Interest Acc | 55.5 | 58.6 | ---- | - |
| Int Managed Acc | 94.2 | 99.2 | -0.2 | - |
| HIP Managed Acc | 112.3 | 118.4 | +0.1 | - |
| HIP Managed II Acc | 98.7 | 104.1 | +0.2 | - |
| HIP Managed III Acc | 104.3 | 110.0 | +0.1 | - |
| Total Investment Bond | | | | |
| UK Equity Initial | | 156.8 | +0.6 | - |
| UK Fixed Int Initial | | 118.2 | +0.1 | - |
| Intl Equities Initial | | 119.2 | -1.0 | - |
| UK Managed Initial | | 119.2 | +0.2 | - |
| Property Initial | | 155.3 | | |

[illegible]

**James Campbell & Son Financial Services**
38 Railway Rd, Coleraine Co. Londonderry 0265 44037

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Executive Pension | 121.5 | 127.9 | | - |
| Investment Portfolio | 161.2 | 169.7 | | - |

**Chase de Vere PLC**
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| New Trust Fd | 102.4 | 107.7 | ---- | - |
| Safeguard Fd | 96.2 | 101.3 | | - |
| United Kingdom Fd | 130.5 | 138.1 | | - |
| Worldwide Fd | 115.1 | 121.1 | | |

**ECU Futures Plc**

[illegible]

## OFFSHORE INSURANCES

[illegible]

## MANAGEMENT SERVICES

[illegible]

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

[illegible]

### CANADA (SIB RECOGNISED)

[illegible]

### GUERNSEY (SIB RECOGNISED)

[illegible]

### GUERNSEY (REGULATED)

[illegible]

# FT MANAGED FUNDS SERVICE

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## IRELAND (SIB RECOGNISED)

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Sterling strong ahead of RPI

STERLING GAINED nearly 2 cents against the dollar, and climbed above DM2.99 for the first time since mid-October, as the foreign exchanges took a favourable view of the pound's high yield, despite speculation that the Bank of England will soon sanction a cut in UK bank base rates.

The dollar was generally weaker, ahead of today's US consumer price index, amid reports that lower US inflation may prompt an easing of the Federal Reserve's credit stance.

This did not lead to a strong demand for the D-Mark however, as the currency remained under the shadow of economic problems resulting from German unity and fear of unrest in the Soviet Union.

Sterling was viewed as an attractive alternative to both the dollar and the D-Mark, with a ½ point reduction to 12 per cent in base rates already discounted by wholesale money market rates and London's real interest rate advantage possibly increasing after publication of today's UK retail price index for March.

Market forecasts point towards a rise of 0.4 per cent, or possibly an unchanged gain of 0.5 per cent in the March RPI, bringing the year-on-year inflation rate down to 8.3 or 8.4 from 8.9 per cent.

At the London close the pound had climbed 1.90 cents to $1.7905. It also rose to DM2.9925 from DM2.9875; [illegible] FFr10.1175 [illegible] FFr10.1025; and to Y243.25 from Y242.50, but eased to SFr2.5275 from SFr2.5325. Sterling's index rose 0.2 to 93.3 and it remained the second strongest member of the European exchange rate mechanism.

The D-Mark gained ground against the dollar after Mr Dieter Hiss, the Bundesbank's regional head in Berlin, said Germany will not join the trend towards lower interest rates. He said: "We are not only keeping policy on a tight rein, but we have also moved a tick higher".

It was a different story within the ERM, where the D-Mark stayed below its central rate against the European currency unit and lost ground to sterling and the weakest placed French franc. At the close in London the D-Mark had declined to FFr3.3800 from FFr3.3825.

US economic news was confusing and had little impact on the dollar. March retail sales fell 0.8 per cent, but sales in the previous month were revised up sharply to 2.0 from 0.8 per cent. The March producer price index fell a larger than expected 0.3 per cent, but after stripping out food and energy prices the underlying PPI rose 0.2 per cent.

This left the market to wait for today's consumer price index to see if the expected fall in inflation tempts the Fed to ease. In London the dollar fell to DM1.6715 from DM1.6785; to Y135.90 from Y136.30; to SFr1.4115 from SFr1.4235; and to FFr5.6500 from FFr5.6775. Its index declined to 64.6 from 64.9.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Apr 11 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 127.266 | -4.76 | 6.17 | 83 |
| Sterling | 0.696904 | 0.690791 | -0.88 | 2.01 | 16 |
| Italian Lira | 1538.24 | 1530.74 | -0.49 | 1.61 | 32 |
| Belgian Franc | 42.4032 | 42.3899 | -0.03 | 1.14 | 9 |
| D-Mark | 2.05586 | 2.06202 | 0.30 | 0.81 | -1 |
| Dutch Guilder | 2.31643 | 2.32336 | 0.30 | 0.81 | -7 |
| Irish Punt | 0.767417 | 0.771696 | 0.56 | 0.55 | -18 |
| Danish Krone | 7.84195 | 7.90533 | 0.81 | 0.30 | -30 |
| French Franc | 6.89509 | 6.97179 | 1.11 | 0.00 | -32 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

### £ IN NEW YORK

| Apr.11 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7895 - 1.7905 | 1.7750 - 1.7760 |
| 1 month | 0.90 - 0.88pm | 0.92 - 0.91pm |
| 3 months | 2.50 - 2.48pm | 2.49 - 2.47pm |
| 12 months | 7.35 - 7.25pm | 7.28 - 7.20pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

### CURRENCY MOVEMENTS

### CURRENCY RATES

### OTHER CURRENCIES

* Selling rate

### POUND SPOT - FORWARD AGAINST THE POUND

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

### EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 7½-7¼ per cent; three [illegible] 8-7¾ per cent; four [illegible] per cent; five years 8⅛-8⅛ per cent nominal. Short term rates are call [illegible] Dollars and Japanese [illegible] others, two days' notice.

### EXCHANGE CROSS RATES

| Apr.11 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C$ | B Fr. | ECU |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.791 | 2.993 | 243.3 | 10.12 | 2.528 | 3.370 | 2221 | 2.060 | 61.40 | 1.449 |
| $ | 0.558 | 1 | 1.671 | 135.8 | 5.650 | 1.412 | 1.882 | 1240 | 1.150 | 34.28 | 0.809 |
| DM | 0.334 | 0.598 | 1 | 81.29 | 3.381 | 0.845 | 1.126 | 742.1 | 0.688 | 20.51 | 0.484 |
| YEN | 4.110 | 7.361 | 12.30 | 1000. | 41.59 | 10.39 | 13.85 | 9129 | 8.467 | 252.4 | 5.956 |
| F Fr. | 0.988 | 1.770 | 2.958 | 240.4 | 10. | 2.498 | 3.330 | 2195 | 2.036 | 60.67 | 1.432 |
| S Fr. | 0.396 | 0.708 | 1.184 | 96.24 | 4.005 | 1 | 1.333 | 878.6 | 0.815 | 24.29 | 0.573 |
| H Fl. | 0.297 | 0.531 | 0.888 | 72.20 | 3.003 | 0.750 | 1 | 659.1 | 0.611 | 18.22 | 0.430 |
| Lira | 0.450 | 0.806 | 1.348 | 109.5 | 4.557 | 1.138 | 1.517 | 1000. | 0.928 | 27.65 | 0.652 |
| C $ | 0.485 | 0.869 | 1.453 | 118.1 | 4.913 | 1.227 | 1.636 | 1078 | 1 | 29.81 | 0.703 |
| B Fr. | 1.629 | [illegible] | [illegible] | 396.3 | 16.48 | 4.117 | 5.489 | 3617 | 3.355 | 100. | 2.360 |
| ECU | [illegible] | [illegible] | [illegible] | 167.9 | 6.984 | 1.745 | 2.326 | [illegible] | [illegible] | [illegible] | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

PHILADELPHIA SE £/$ OPTIONS

### BASE LENDING RATES

● Members of [illegible] Merchant Banking [illegible] Houses Association.

## MONEY MARKETS

# Rates little changed

INTEREST RATES were steady on the London money market yesterday, ahead of today's data on UK retail prices. Expectations of a decline in the annual inflation rate left the market discounting an immediate cut of ½ point to 12 per cent in bank base rates.

Three-month sterling interbank was unchanged at 12-11⅞ per cent, while 12-month money firmed slightly to 11⅞-11⅝ from 11¾-11½ per cent.

**UK clearing bank base lending rate 12.5 per cent from March 22, 1991**

Trading in short sterling futures remained quiet on Liffe. June delivery fell to 88.83 from 88.84.

Dealers are looking for a reduction in bank base rates at any time, but yesterday's operations by the Bank of England kept the short end of the money market tight and gave no encouragement [illegible] hopes of lower [illegible]

The authorities initially forecast a day-to-day credit shortage of £850m, but revised this to £900m at noon and back to £850m in the afternoon. Total assistance of only £469m was provided.

In early operations the Bank of England bought £9m bank bills in band 2 at 12¼ per cent. Before lunch another £23m bank bills were purchased in band 2 at 12¼ per cent.

In the afternoon £242m bills were bought, by way of £23m Treasury bills in band 1 at 12⅜ per cent; £98m bank bills in band 1 at 12⅜ per cent; and £121m bank bills in band 2 at 12¼ per cent. Late assistance of around £195m was [illegible] provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £763m, with exchequer transactions absorbing £140m and a rise in [illegible] note circulation [illegible] These outweighed bank balances above target adding £110m to liquidity.

In Frankfurt call money fell to 8.80 from 8.85 per cent as the impact of this week's higher [illegible] at the Bundesbank's securi[illegible] repurchase agreement tender faded.

Dealers said future terms [illegible] repurchase pacts probably depend on the performance of the D-Mark. If the currency weakens the market will be looking for a rise in the fixed rate to 8.70 from 8.60 per cent, or a variable rate tender next week.

In Paris the Bank of France left its money market intervention rate at 9.00 per cent and the five to 10-day repurchase rate at 10 per cent [illegible] yesterday's securities repurchase tender.

### FT [illegible] INTERBANK FIXING

| (11.00 a.m. Apr.11) [illegible] US [illegible] | | 6 months US Dollars | |
|---|---|---|---|
| bid [illegible] | offer 6⅛ | bid 6¼ | offer 6⅜ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** (Lunchtime) — Treasury Bills and Bonds

| | | | | | |
|---|---|---|---|---|---|
| Prime rate | 9 | One month | - | Three year | 7.23 |
| Broker loan rate | 7½ | Two month | - | Four year | 7.44 |
| Fed. funds | 5⅝ | Three month | 5.75 | Five year | 7.72 |
| Fed. funds at intervention | 5¾ | Six month | 5.91 | Seven year | 7.97 |
| | | One year | 6.21 | 10-year | 8.08 |
| | | Two year | 6.95 | 30-year | 8.26 |

| Apr.11 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 8.75-8.85 | 8.80-8.95 | 8.90-9.05 | 8.95-9.15 | 9.05-9.25 | 9.00 |
| Paris | 9-9¼ | 9⅛-9⅜ | 9⅛-9¼ | 9⅛-9⅜ | 9¼-9⅜ | 9.25 |
| Zurich | 7¾-8⅛ | 8⅝-8⅞ | - | 8⅝-8⅞ | - | - |
| Amsterdam | 8.75-8.88 | 9.00-9.08 | - | 9.08-9.18 | - | - |
| Tokyo | 8⅛-8⅜ | 8⅛-8¼ | - | 7⅞-7⅞ | - | - |
| Milan | 11⅞-12 | 11⅞-12 | - | 11⅞-12⅛ | - | - |
| Brussels | 8.69-8.81 | 9.00-9.08 | - | 9.08-9.18 | - | - |
| Dublin | 9-9¼ | 10⅛-10⅜ | 10⅛-10⅛ | 10⅛-10⅛ | 10⅜-10⅜ | - |

### LONDON MONEY RATES

| Apr 11 | Overnight | 7 days notice | [illegible] Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 20 | 12⅜ | 12⅛ | 12 | 11¾ | 11⅞ |
| Interbank Bid | 12¼ | 12⅛ | 12⅛ | 11⅞ | 11⅝ | 11⅝ |
| Sterling CDs | - | - | 12⅛ | 12 | 11⅞ | 11⅝ |
| Local Authority Deps. | 12⅛ | 12⅛ | 12⅛ | 11⅞ | 11⅝ | 11⅝ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 13 | 12¼ | 12 | 11⅞ | - | - |
| Company Deposits | - | - | 12¼ | 12⅛ | 11⅞ | 11⅞ |
| Finance House Deposits | - | - | 12¼ | 11⅞ | 11⅝ | 11⅝ |
| Treasury Bills (Buy) | - | - | 11⅞ | 11⅞ | 10⅞ | - |
| Bank Bills (Buy) | - | - | 11⅞ | 11⅝ | 10⅞ | - |
| Fine Trade Bills (Buy) | - | - | 12⅛ | 12⅛ | 11⅞ | - |
| Dollar CDs | - | - | 6.00 | 6.07 | 6.20 | 6.67 |
| SDR Linked Dep. Offer | - | - | 7⅝ | 7⅝ | 7⅞ | 8 |
| SDR Linked Dep. Bid | - | - | 7½ | 7½ | 7⅝ | 7¾ |
| ECU Linked Dep. Offer | - | - | 9⅝ | 9½ | 9⅝ | 9⅝ |
| ECU Linked Dep. Bid | - | - | 9⅜ | 9¼ | 9⅜ | 9⅜ |

Treasury Bills (sell): one-month 11⅝ per cent; three months 11⅛ per cent; six months 10¼ per cent; Bank Bills (sell): one-month 11⅞ per cent; three months 11⅛ per cent; Treasury Bills; Average tender rate of discount 11.4156 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 28, 1991. Agreed rates for period April 23, 1991 to May 25, 1991, Scheme I: 13.52 p.c., Schemes II & III: 13.71 p.c. Reference rate for period March 1, 1991 to March 28, 1991, Scheme IV&V: 12.472 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from April 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9 per cent; one-three months 11 per cent; three-six months 10½ per cent; six-nine months 10 per cent; nine-twelve months 10 per cent; Under £100,000 9 per cent from March 25 1991. Deposits withdrawn for cash 5 per cent.



## MONEY MARKET FUNDS

### Money Market Trust Funds

### Money Market Bank Accounts

### JOTTER PAD

## CROSSWORD

No.7,516 Set by HIGHLANDER

**ACROSS**

1 Progress on New Testament is urgent (8)
5 Alcohol will produce sense of loyalty (6)
9 Flower girl got out of bed first (8)
10 Split by cold – nothing number (6)
12 Capable of becoming strong one after losing initially (9)
13 Trunk as stated came apart next to stitch (5)
14 Man on board beaten by mate's ruler (4)
16 One at funeral is more distressed holding container for ashes (7)
19 Guy working in Somerset (7)
21 Vessel first in dock: by what means? (4)
24 Social outcast has to drive back in reverse (5)
25 Spinelessness expressed as cringe when taking risk (9)
27 Totals include drink (4,2)
28 Not knowing no rating could make it (8)
29 A head for every hat (6)
30 Monks use our transport system there: odd point [illegible]

**DOWN**

1 Certificate takes time writing (6)
2 Adopt different position about seeing to audience (6)
3 Fanatical expert makes me nod off (5)
4 Tending to run over grass (7)
6 Our pilot flew about carrying British and [illegible] committee [illegible]
7 Continual[illegible] torn about expressing profound respect (8)
8 Beat attractive Muslim woman, they say, for cooking Indian fashion (8)
11 Attack using all the tricks (4)
15 Crazed tile under break (9)
17 Sturdy growth: last resort comes first (8)
18 Deapt to one's feet, arrogant after sudden promotion (6-2)
20 Steal cut from prison (4)
21 He does include comic property-owning widow (7)
22 Mark the same bearing above ground level (6)
23 Discoverer of original unit of weight? (6)
26 Perch become established around the south (5)

Solution to Puzzle No.7,515

SPARSE DISPUTES / LIMBED DELEGATE / CONTRITE PESETA / TOTE COMBATABLE / TERMITARIA ADIT / RASHER STARTING / ELECTRIC LOATHE / TOLERATE WRINGS

# WORLD STOCK MARKETS

### AUSTRIA

| April 11 | Sch | + or – |
|---|---|---|
| Austrian Airlines | 3,570 | –20 |
| Creditanstalt | 3,905 | +5 |
| EA General | 4,690 | +40 |
| Jungbunzlauer | 11,300 | –50 |
| Laenderbank | 1,980 | +40 |
| OeMV | 9,650 | –150 |
| Perlmooser Zement | 1,510 | +40 |
| Radex Heraklith | 910 | +27 |
| Reininghaus Brau | 2,070 | –210 |
| Steyr Daimler | 408 | +2 |
| Veitscher Magnesit | 851 | +41 |
| Verbund (Br) A | 521 | –4 |
| Wienerberger | 6,130 | +20 |

### BELGIUM/LUXEMBOURG

| April 11 | Frs. | + or – |
|---|---|---|
| ACEC-Union Min | 2,650 | +10 |
| Arbed | 4,180 | –20 |
| BBL | 3,125 | +75 |
| Bank Intl a Lux | 12,800 | .... |
| Banq Gen Lux Pts | 12,400 | .... |
| Barco | 1,460 | +20 |
| Bekaert | 9,270 | –350 |
| CBR Cement | 8,210 | +10 |
| Cobepa | 5,360 | –40 |
| Cobepa AFV 1 | 5,300 | +20 |
| Cockerill Priv | 175 | +3 |
| Colruyt | 3,005 | –40 |
| Delhaize Frs Lion | 7,790 | +90 |
| Electrabel | 4,835 | +20 |
| Electrabel AFV | 4,835 | +45 |
| Electrafina ACT | 3,095 | +15 |
| Fabrique Nat | 143 | +2 |
| GBL AFV 1 | 3,650 | [illegible] |
| GIB Group AFV | 1,252 | [illegible] |
| GBL | 3,780 | [illegible] |

### FRANCE (continued)

| April 11 | Frs. | + or – |
|---|---|---|
| Bouygues | 582 | .... |
| CGIP | 1,095 | –2 |
| C M B Packaging | 139.90 | –0.40 |
| Canal+ | 1,005 | +22 |
| Cap Gemini S | 433.30 | +9.80 |
| Carrefour | 3,760 | +50 |
| Casino | 147 | +0.60 |
| Cetelem | 650 | –3 |
| Chargeurs | 795 | +6 |
| Ciments Fr | 433 | +4.20 |
| Club Mediterranee | 490 | +0.50 |
| Cogifi | 380.10 | .... |
| Coparex | 580 | .... |
| C C F | 169.50 | –1.50 |
| Cr Fonc France | 1,060 | –10 |
| Cred Lyon (CI) | 670 | .... |
| Credit Nationale | 1,200 | +2 |
| Damart | 2,310 | +120 |
| Docks de France | 4,018 | +48 |
| Dollfus Mieg Cie | 404 | +7.10 |
| EBF | 795 | .... |
| Eaux Cie Genl | 2,627 | +15 |
| Ecco | 410 | +12 |
| Elf–Aquitaine | 342.60 | –1.20 |
| Elf–Aquitaine Certs | 245 | +5 |
| Essilor Int | 350 | .... |
| Etex | 2,058 | +78 |
| Eurafrance | 1,665 | –44 |
| Eurocom | 904 | +7 |
| Euro Disney | 118.90 | +0.60 |
| Euromarche | 4,150 | .... |
| Exor | 1,410 | +28 |
| Finextel | 144.60 | –0.40 |
| Fonc Lyonnaise | 802 | +2 |
| From C et Aux | 2,100 | .... |
| GTM–Entrepose | 440 | +1.40 |
| Gaumont (Soc N) | 958 | –2 |
| Gen Occidentale | 794 | +13 |
| Geophysique | 712 | +5 |

GERMANY (continued) · NETHERLANDS · SWEDEN (continued) · SWITZERLAND · NORWAY · ITALY · SPAIN · SOUTH AFRICA · DENMARK · FINLAND · FRANCE · GERMANY · JAPAN · AUSTRALIA (continued) · HONG KONG · MALAYSIA · SINGAPORE · AUSTRALIA

[illegible]

## CANADA

TORONTO

*3:00 pm prices April 11*

Quotations in cents unless marked $

[illegible]

MONTREAL

*3:00 pm prices April 11*

[illegible]

## INDICES

### NEW YORK

| DOW JONES | Apr. 10 | Apr. 9 | Apr. 8 | Apr. 5 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Industrials | 2874.50 | 2873.02 | 2918.56 | 2896.78 | 2973.27 (6/3) | 2470.30 (9/1) | 2999.75 (16/7/90) | 41.22 (2/7/32) |
| Home Bonds | 93.74 | 93.66 | 93.84 | 93.72 | 94.86 (15/2) | 91.30 (16/1) | 95.51 (9/2/87) | 54.99 (1/10/81) |
| Transport | 1113.89 | 1111.60 | 1125.06 | 1114.95 | 1166.26 (5/3) | 894.30 (7/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 214.98 | 214.47 | 216.11 | 215.10 | 218.12 (26/3) | 199.64 (16/1) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2902.48 (2932.43) Low 2848.51 (2863.37)

### STANDARD AND POOR'S

| | Apr. 10 | Apr. 9 | Apr. 8 | Apr. 5 | 1991 HIGH | 1991 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 373.14 | 373.56 | 378.66 | 375.36 | 379.77 (4/4) | 311.49 (9/1) | 379.77 (4/4/91) | 4.40 (1/6/32) |
| Industrials | 442.06 | 442.25 | 448.46 | 444.37 | 449.84 (4/4) | 364.90 (9/1) | 449.84 (4/4/91) | 3.62 (21/6/32) |
| Financial | 29.50 | 29.77 | 30.27 | 30.03 | 30.36 (4/4) | 21.96 (9/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 204.42 | 204.74 | 207.17 | 205.66 | 207.73 (4/4) | 170.97 (9/1) | 207.73 (4/4/91) | 4.46 (25/4/42) |
| Amex Mkt. Value | 362.51 | 363.64 | 364.25 | 363.41 | 369.11 (4/4) | 296.72 (14/1) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 490.76 | 492.46 | 495.65 | 495.79 | 497.57 (4/4) | 355.75 (14/1) | 497.57 (4/4/91) | 54.87 (31/10/72) |

| | Apr.5 | Mar.22 | Mar.15 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 3.48 | 3.53 | 3.42 | 4.03 |

| | Apr.3 | Mar.27 | Mar.20 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 2.81 | 2.84 | 2.88 | 3.05 |
| S & P Indl. P/E ratio | 18.44 | 18.27 | 17.95 | 15.09 |

### NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | [illegible] | [illegible] |
|---|---|---|---|
| Saatchi Co | 3,661,600 | 1 | — |
| Nabisco (RJ) | 2,659,400 | 11¼ | – ¼ |
| Motorola | 2,396,800 | 63 | + 6⅝ |
| US F&G Corp | 2,195,300 | 12¼ | + ¼ |
| Upjohn | 2,020,100 | 48¼ | – ½ |
| IBM | 1,924,700 | 111¼ | — |
| USX Corp | 1,858,300 | 32¼ | + ⅛ |
| Pepsico | 1,653,600 | 32⅞ | + ⅛ |
| Halliburton | 1,636,000 | 42¾ | – 1¼ |
| Philip Morris | 1,620,400 | 68⅛ | — |

### TRADING ACTIVITY

| † Volume Millions | Apr.10 | Apr.9 | Apr.8 |
|---|---|---|---|
| New York | 167.940 | 169.940 | 138.590 |
| Amex | 13.658 | 13.784 | 12.166 |
| NASDAQ | 172.700 | 170.477 | 148.999 |
| Issues Traded | 2,055 | 2,087 | 2,053 |
| Rises | 706 | 567 | 946 |
| Falls | 858 | 1,051 | 618 |
| Unchanged | 491 | 469 | 489 |
| New Highs | 64 | 89 | 99 |
| New Lows | 4 | 6 | 6 |

### CANADA

| TORONTO | Apr. 10 | Apr. 9 | Apr. 8 | Apr. 5 | 1991 HIGH | 1991 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3079.56 | 3095.40 | 3132.89 | 3135.70 | 3284.18 (5/3) | 2632.06 (9/1) |
| Composite | 3494.06 | 3505.14 | 3515.68 | 3518.13 | 3571.53 (6/3) | 3161.95 (15/1) |
| MONTREAL Portfolio | 1834.06 | 1839.49 | 1843.37 | 1844.92 | 1888.19 (5/3) | 1686.89 (9/1) |

[illegible] of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and [illegible] Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/[illegible] Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

AUSTRALIA · AUSTRIA · BELGIUM · DENMARK · FINLAND · FRANCE · GERMANY · HONG KONG · IRELAND · ITALY · JAPAN · MALAYSIA · NETHERLANDS · NORWAY · PHILIPPINES · SINGAPORE · SOUTH AFRICA · SOUTH KOREA · SPAIN · SWEDEN · SWITZERLAND · TAIWAN · THAILAND · WORLD

[illegible]

**Saturday April 6; Taiwan Weighted Price: [illegible]
‡ Subject to official recalculation.
Base values of all indices are 100 except: BEL20, HEX General, [illegible] JSE 26 Industrials – 264.3 and Australia All Ordinary and [illegible]

### TOKYO - Most Active Stocks

Thursday 11 April 1991

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Hitachi Zosen | 7.8m | 682 | –7 |
| M'ubi Mng Smel | 7.3m | 585 | –5 |
| Nippon Carbon | 4.8m | 735 | +60 |
| Nihon Nohyaku | 3.8m | 1,860 | +130 |
| Dai-Tko Fr&Mne | 3.4m | 1,020 | 0 |
| S'tomo Metal | 3.4m | 643 | +14 |
| Teikoku Oil | 3.3m | 1,000 | +5 |
| Godo Steel | 3.3m | 2,620 | –80 |
| Hazama-Gumi | 3.2m | 1,140 | –80 |
| Nichias | 3.2m | 987 | +5 |

4:15 pm prices April 11

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1991 High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17⅞ | 14½ | Baker Fent | 0.50 | 0.03 | | 49 | 16⅝ | 16½ | 16½ | |
| 31 | 20¾ | Baker Hugh | 0.46 | 0.02 | 23 | 3731 | 26½ | 26 | 26¼ | |
| 21½ | 15⅝ | Baldor Elc | 0.48 | 0.02 | 14 | 57 | 21¼ | 20⅞ | 20⅞ | -⅛ |
| 31 | 25⅝ | Ball Corp | 1.16 | 0.04 | 12 | 678 | 26½ | 26 | 26¼ | |
| 6⅞ | 1⅞ | Bally Mfg | | | 9 | 443 | 4⅞ | 4⅝ | 4⅞ | |
| 29¼ | 25¼ | Balt G&E | [illegible] | 0.07 | 13 | 256 | 28⅝ | 28¼ | 28⅝ | +⅛ |
| 9 | 3⅞ | Balt Bnkcp | [illegible] | [illegible] | 26 | 115 | 8⅛ | 7⅞ | 7⅞ | -⅛ |
| 36⅞ | 24⅞ | Banc One | [illegible] | [illegible] | 13 | 1657 | 36¾ | 36⅛ | 36¾ | +1⅛ |
| 4¾ | 2⅝ | BancFlrda | | | 1 | 30 | 4½ | 4¼ | 4¼ | -⅛ |
| 32¾ | 23⅛ | BancoBil V z | 1.68 | 0.05 | 9 | 220 | 30⅞ | 29⅞ | 30⅞ | +⅝ |
| 24½ | 21½ | Banco Cntr | | | 16 | 25 | 21⅝ | d21⅛ | 21⅝ | +⅛ |
| 103½ | 81½ | Bandag Inc | 1.10 | 0.01 | 17 | 73 | 99¼ | 96¼ | 98⅞ | +2⅞ |
| 38 | 23⅛ | BankAmrica | 1.20 | 0.03 | 7 | 3964 | 37⅞ | 36⅝ | 37½ | +1⅛ |
| 48¼ | 16 | Bank Bost | 6.00 | 0.13 | | 2 | 47¼ | 47¼ | 47¼ | |
| 10⅝ | 3 | Bank Bostn | 0.40 | 0.04 | | 12254 | 9⅛ | 8⅞ | 8⅞ | -⅛ |
| 28½ | 11¼ | Bk Bostn P | 3.40 | 0.12 | | 8 | 27⅛ | 26⅞ | 27 | |
| 31 | 16½ | Bank New Y | 1.52 | 0.06 | | 83862 | 26⅛ | 25¼ | 26⅝ | +1 |
| 38⅞ | 33⅛ | BankAm A | 3.36 | 0.09 | | 20 | u38½ | 38¼ | 38½ | +¼ |
| 66¼ | 58½ | BankAm B | | | | 7 | u66½ | 66¼ | 66½ | +¼ |
| 48⅛ | 30½ | Bankers Tr | 2.64 | 0.06 | | 54178 | 45⅞ | 44¾ | 45⅞ | +1⅞ |
| 36 | 25½ | Barcls ADR | 2.15 | 0.06 | 17 | 7 | 32⅞ | 32¾ | 32⅞ | +¼ |
| 25¼ | 14⅞ | Bard (C R) | 0.44 | 0.02 | 30 | 1579 | 23⅛ | 22½ | 23 | -⅛ |
| 32¾ | 26 | Barnes Grp | 1.40 | 0.04 | 11 | z100 | 31⅝ | 31⅝ | 31¾ | |
| 26½ | 15½ | Barnett Bk | 1.32 | 0.06 | 14 | 3893 | 23½ | 22⅞ | 23½ | +1⅛ |
| 8⅞ | 5⅞ | Battle Mt | 0.10 | 0.01 | 30 | 1850 | 8½ | 8⅛ | 8¼ | -⅝ |

# NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

Price data supplied by Telekurs.

[illegible] figures are unofficial. Yearly highs and lows reflect [illegible]vious 52 weeks plus the current week, but not the [illegible]ding day. Where a split or stock dividend amounting [illegible] percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements [illegible] on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of [illegible]nd-next day delivery. P/E price-earnings ratio. r-dividend [illegible]clared or paid in preceding 12 months, plus stock [illegible] s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

3:00 pm prices April 11

[illegible]

# NASDAQ NATIONAL MARKET

3:00 pm prices April 11

[illegible]

- X - Y - Z -

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Xilinx | | 47 | 2287 | 22½ | 22 | 22¼ | +⅛ |
| XL Data | | 9 | 269 | 6¾ | 6 | 6¾ | +¼ |
| Xoma Corp | | 15 | 4837 | 25¾ | 25 | 25½ | +½ |
| YankeeEnS | 1.52 | 17 | 206 | u23¼ | 22 | 23 | |
| Yellow Fr | 0.94 | 19 | 328 | 31¼ | 30½ | 31¼ | +1¼ |
| York Rsch | | 21 | 1582 | 21¼ | 20¾ | 20¾ | -⅛ |
| ZionUtah x | 1.44 | 8 | 8 | u40¼ | 39 | 39 | |

AMERICA

# Inflation decline revives hopes of interest rate cut

## Wall Street

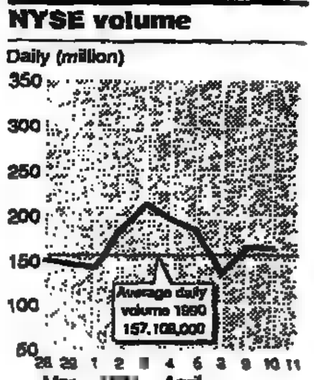
SHARE prices [redacted] sharply in hectic trading yesterday morning as good [redacted] on inflation revived hopes [redacted] an imminent cut in interest [redacted] and [redacted] investors rushing back into equities, *writes* [redacted] *Harver*[redacted] [redacted] *York.*

At [redacted] the Dow [redacted] Industrial Average was [redacted] 36.64 at 2,911.13, slightly below its highs for the session. The broader [redacted] Standard & Poor's 500 [redacted] firmer, up [redacted] by 1.30 pm. The Nasdaq composite index of over [redacted] counter stocks, which has underperformed [redacted] days, bounced back strongly [redacted] rise 6.19 [redacted] Turnover on the NYSE was high at 127m [redacted] 1.30pm, well [redacted] seen earlier this week and boosted by heavy computer programme trading. Advances [redacted] by [redacted] two [redacted] one.

The spark for the morning rally [redacted] decline in March producer prices. Although core prices, minus [redacted] energy and food component, actually rose 0.3 per [redacted] during the month, both [redacted] of figures [redacted] the optimistic [redacted] of analysts' expectations. After the bigger than expected price rises in January and February, the apparent easing of inflation during [redacted] was a welcome relief to the market. Investors bought stocks in the hope that today's consumer price statistics will [redacted] similar course, and finally persuade the Fed to cut interest rates.

JP Morgan led investment bank stocks higher with [redacted] rise [redacted] $2⅞ to $50¼ after reporting first quarter earnings of $1.40 [redacted]

### NYSE volume




share, well [redacted] forecasts. Salomon [redacted] $½ [redacted] Merrill Lynch [redacted] on [redacted] and [redacted] Stanley climbed $1¼ [redacted] Banking jumped [redacted] in [redacted] trading [redacted] the company confirmed [redacted] it [redacted] regional banks [redacted] being acquired.

[redacted] in general [redacted] buoy[redacted] yesterday [redacted] hopes for [redacted] rates, [redacted] Citicorp up [redacted] at $15¼. [redacted] turers Hanover up [redacted] at $27¼. [redacted] $⅞ stronger [redacted] $37¼, and [redacted] Bank [redacted]

RJR [redacted] $11⅞ as 1.8m shares changed hands amid speculation that [redacted] planning [redacted] the [redacted] share common stock offering. The issue, which was due to be priced after the close, is aimed at reducing the food and tobacco group's large pile of expensive junk bond debt.

Advanced Micro advanced [redacted] to $12¼ on [redacted] shares after the company reported earnings of $4.2m in the first quarter.

## Canada

TORONTO stocks were mixed at midday as concerns about the recession and poor corporate profits held prices back in spite of the rally on Wall Street. The composite index gained 4.2 to 3,498.3 at midsession after hitting a low of 3,485.24. Declines led advances by 206 to 203 on volume of 16.7m shares.

The market was depressed by news from Laidlaw late on Wednesday [redacted] earnings [redacted] nil [redacted] quarter [redacted] previous quarter. [redacted] B shares plunged C$1⅝ [redacted] on [redacted]

EUROPE

# Firm New York start lifts Continent at closing time

NEW YORK's strong start lifted the [redacted] closing [redacted] yesterday, [redacted] *Our* [redacted] *Staff.*

PARIS recouped its early loss [redacted] CAC 40 index closed 8.68 higher at 1,825.60, after [redacted] of 1,806.31.

The chemical and pharmaceutical sectors provided most of the interest. Rhône-Poulenc's investment certificates [redacted] FF24 or 6.6 [redacted] to FFr390, partly on foreign demand, in heavy volume of 179,250 shares. Analysts [redacted] expectations of interest [redacted] cuts in the US [redacted] encouraged buying of the French gro[redacted] has [redacted] heavy dollar debts since [redacted] acquisition [redacted] Rorer last year. Some [redacted] buy orders [redacted] reported.

In contrast, [redacted] dropped FFr39 or 4.5 per cent to FFr834. Analysts were worried by the pharmaceutical company's warning [redacted] Wednesday that government plans [redacted] cut social security spending would [redacted] earnings; that perfume sales had fallen sharply in [redacted] quarter; and [redacted] unexpected restructuring [redacted] connected with [redacted] alliance with Sterling Drug.

FRANKFURT was mixed at the official close, [redacted] DAX index ending 3.48 higher at 1,565.37 after [redacted] rise [redacted] in [redacted] at midsession. Volume eased, from DM4.9bn to DM4.7bn. Market [redacted] token response [redacted] Wall Street in the post-bourse.

[redacted] von Haza, [redacted] Dresd[redacted] Bank in Frankfurt, said [redacted] the 1,600 level [redacted] the DAX had proved an effective barrier so far, and that yesterday's after hours gains looked like a bull trap. Investors, he said, were still [redacted] about the economy and the situation in [redacted] Germany.

However, he said, there did seem to [redacted] scope for trading.

| FT-SE Eurotrack 100 - Apr 11 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Hourly changes | | | | | | | |
| Open | 10 am | 11 am | [redacted] | 1 pm | 2 pm | 3 pm | [redacted] |
| 1105.19 | [redacted] | [redacted] | [redacted] | 1102.92 | 1104.45 | 1107.73 | [redacted] |
| Day's High 1108.67 | | | | Day's Low 1102.17 | | | |

| Apr [redacted] | Apr 9 | Apr 8 | Apr 5 | Apr 4 |
|---|---|---|---|---|
| 1102.87 | 1111.57 | 1113.55 | 1119.54 | 1114.08 |

Base value 1000 [redacted]

Dresdner [redacted] been [redacted] on retailers; yesterday Douglas [redacted] DM12 [redacted] DM750 and Kaufhof DM6 [redacted] DM491.50.

AEG, meanwhile, provided the second trading [redacted]rtunity in two days. [redacted] talk of automation technology prospects, which took the shares [redacted] DM7 [redacted] Wednesday, [redacted] turndown [redacted] profit [redacted] in 1990 dropped it by DM11 [redacted] DM210 in turnover [redacted] DM50m.

MILAN closed lower in trading dominated by today's expiry of options contracts, although [redacted] insurance sector was strong. The Comit index fell 1.84 to 589.93.

Generali [redacted] officially [redacted] L100 [redacted] L36,150, but jumped to [redacted] in unofficial trading on [redacted] of a one-for-five scrip issue. Analysts [redacted] credible because Generali had issued scrip [redacted] for [redacted] last couple [redacted] when it announced annual results.

There [redacted] also talk [redacted] the government [redacted] rise in [redacted] insurance premiums. [redacted] L300 [redacted] L20,250.

OSLO [redacted] lukew[redacted] reception to a cut by the central bank in the overnight lending rate. The all-share index fell [redacted] to [redacted] in active trading worth NKr452m.

The market [redacted] dislike to [redacted] minority government's planned tax reform, due to be fully released today although it is [redacted] expected to [redacted] passed [redacted] original form.

STOCKHOLM [redacted] four days of falls. The Affärsvärlden General index rose 4.9 to 1,087.9 in turnover of SKr347m, up [redacted] SKr293m.

MADRID [redacted] higher, as the market [redacted] today's inflation figure. The Madrid general index added [redacted] 289.09, recovering from the negative effects [redacted] small rise in Treasury bill [redacted] in the day. Turnover grew [redacted] about Pta15bn from Pta9.8bn.

ZURICH moved [redacted] to minor advance towards the end of the session, the Crédit S[redacted] finishing 1.1 higher at 557.6. Sulzer certificates added SFr20 to SFr475 on a sharp rise in 1990 profits and a higher dividend.

AMSTERDAM got a late boost from a strong Wall Street opening. The CBS tendency index closed up 0.3 at 95.7 after spending most of the day just below Wednesday's close.

BRUSSELS finished marginally higher, but UCB, the pharmaceutical and chemical company, dropped BFr800 or 4.2 per cent to BFr18,075 after Wednesday's forecast of a slight fall in 1991 profits.

## SOUTH AFRICA

JOHANNESBURG [redacted] in quiet trading. The all-gold index fell 16 to 1,067 on lower bullion prices. The industrial index, after closing at a record high of 3,458 on Wednesday, [redacted] 1 [redacted] 3,457. The all-share index fell [redacted] to 2,973.

# Argentina topples Brazil from first position

**Jacqueline Moore** examines last month's mixed performance by the emerging markets

ARGENTINA displaced [redacted] month as the top performing market of the year to date. Moves to make Argentina's currency, the austral, fully convertible with the US dollar produced a leap in dollar terms of 38 per cent in the week to March 22 alone, according to the emerging market indices of the International Finance Corporation, part of the World Bank.

The Argentine market ended the month 50 per cent higher, extending its advance this year to more than 76 per cent, as Brazil eased on profit-taking.

Foreign money flowed into Argentina last month, as several country and regional funds were launched. International interest was also strong elsewhere in Latin America, helping [redacted] produce the [redacted] performance [redacted] economic [redacted] corporate optimism grew.

The big gains were not confined to the American continent. The Philippines continued to forge ahead, climbing a further 13 per cent in dollar terms after February's 37 per cent advance. The market has seen some of its [redacted] wiped [redacted] week, [redacted] of [redacted] coup have resurfaced, but analysts expect the market to regain its composure soon.

Mr David Bates of Asia Equity in London says that attention in March was focused on the targets set for the Philippines by the International Monetary Fund, the World Bank and the Asian Development Bank. "For the first time I can remember, it achieved all of its monetary targets and even beat them," he adds.

First-quarter corporate results are expected to be good, while its largest ever share issue, due next month or in June, should attract further foreign interest, he says. Ayala Land, the property company, plans to raise 1.7bn pesos ($64m) through the issue, with a significant proportion of shares available to foreigners. Although the issue could be a drain on local funds, the market should be able to digest it, claims Mr Bates.

It was not all good news last month. The developing European markets were weak, with Turkey leading the decline as it lost 23 per cent in dollar terms. The market was depressed by worries about the strength of the dollar and rising interest rates.

Portugal, which had risen 16 per cent in February, also retreated, losing 12 per cent in dollar terms and reducing its gain this year to 5 per cent.

According to Ms Mari Vargas of BNP Securities, last month's decline was mostly in reaction to the previous month's strength. A couple of months ago prices were looking attractive and liquidity was high after a delay in the government's privatisation programme. Local investors stepped in to buy, but they did not have the muscle to sustain the rally, she says. Foreign interest in liquid stocks, evident earlier in the year, has also dried up.

Nevertheless, the long-term prospects of the Portuguese bourse look good, [redacted] adds. Fundamentals [redacted] improving, with inflation declining and interest rates easing. "When most investors have had their rally on the more important markets, Portugal might have its chance," says Ms Vargas.

**IFC EMERGING MARKETS PRICE INDICES**

| Market | No. of stocks | Mar. 29th 1991 | % Change over 4 weeks (Dollar terms) | % Change on Dec '90 (Dollar terms) | Mar. 29th 1991 | % Change over [redacted] weeks (Local currency terms) | % Change on Dec '90 (Local currency terms) |
|---|---|---|---|---|---|---|---|
| **Latin America** | | | | | | | |
| Argentina | (29) | 462.07 | +50.0 | +78.7 | 24,635,219 | +42.9 | +199.8 |
| Brazil | (67) | 65.96 | −10.6 | +64.7 | 4,658,944 | −5.0 | +136.2 |
| Chile | (35) | 1,157.74 | +8.3 | +42.5 | 3,079.30 | +8.4 | +45.6 |
| Colombia | (20) | 284.11 | −4.9 | −1.4 | 1,409.47 | −2.8 | +8.5 |
| Mexico | (56) | 887.13 | +17.2 | +22.1 | 13,672.11 | +17.6 | +23.4 |
| Venezuela | (16) | 560.80 | +2.5 | +11.0 | 3,977.17 | +2.5 | +18.7 |
| **East Asia** | | | | | | | |
| Korea | (77) | 314.22 | −4.5 | −7.5 | 275.76 | −3.3 | −6.0 |
| Philippines | (30) | 1,303.48 | +13.0 | +50.2 | 1,794.27 | +13.0 | +50.2 |
| Taiwan, China | (70) | 694.06 | +7.6 | +7.8 | 473.28 | +8.4 | +8.9 |
| **South Asia** | | | | | | | |
| India | (60) | 243.89 | −4.9 | +2.8 | 379.65 | −3.6 | +9.8 |
| Indonesia§ | (66) | 94.14 | +3.9 | −3.4 | 100.37 | +5.6 | −2.0 |
| Malaysia | (62) | 144.36 | +4.2 | +15.0 | 164.65 | +5.9 | +17.2 |
| Thailand | (43) | 397.49 | +5.1 | +36.0 | 373.23 | +6.3 | +37.1 |
| **Europe/Middle East** | | | | | | | |
| Greece | (32) | 615.16 | −10.5 | +16.2 | 847.72 | −4.4 | +29.4 |
| Jordan | (25) | 97.66 | +6.1 | +8.4 | 172.75 | +6.0 | +12.8 |
| Portugal† | (30) | 475.68 | −11.6 | +5.3 | 456.04 | −0.8 | +14.7 |
| Turkey‡ | (25) | 145.19 | −22.9 | −19.9 | 699.54 | −14.7 | +0.1 |

Source: International Finance Corporation. Base date: Dec 31, 1984. §Dec 1989 = 100. †Jan 1986 = 100. ‡Dec 1986 = 100.

ASIA PACIFIC

# Nikkei makes late advance on index buying

## Tokyo

SHARE PRICES, which had been depressed by bankruptcy rumours, rallied just before the close on heavy options-related [redacted] buying, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed [redacted] net 156.33 up at 26,425.19, after trading in a tight range for most of the day. The index hit the day's high of 26,444.13 in the morning, but fell to [redacted] low of 26,211.07 in the afternoon on [redacted] that a leading developer, based in Osaka, had gone into liquidation.

Volume fell to 320m shares from 400m. Mr Yoichi Kamina at S.G. Warburg said institutional investors had high cash positions but were reluctant to commit themselves to stocks.

Declines still led gains at the finish by 546 to 386, with 186 issues unchanged. The Topix index of all first section stocks ended [redacted] slight 0.08 ahead at 1,985.15, while in London the ISE/Nikkei 50 index eased 7.12 to 1,486.05.

Hazama-Gumi, [redacted] medium-sized contractor, fell Y50 to Y1,140 on rumours of the bankruptcy. Other contractors were also weak, with Kajima down Y20 to Y1,590.

Fanuc, which had been popular lately on speculation that it would be included in the Nikkei average, receded Y120 to Y5,250 on profit-taking.

Itoman, the medium-sized trading company trying to resolve its debt problems, dropped Y40 to Y630 on reports of management differences. Janome Sewing Machine, in heavy debt as a result of shouldering loans [redacted] Koshin, the stock speculating [redacted] slipped [redacted] Y1,050 on reports that creditors had [redacted] a law suit against Janome.

Oil shares were strong on hopes that a rise in crude oil prices would help profits. Japanese brokerages were said to be trading the issues on short-term interest. Teikoku Oil gained Y5 to Y1,000 and Cosmo Oil Y13 to Y788.

Yokohama Rubber climbed Y22 to Y848 on buy orders linked to its equity financing.

Nippon Carbon added Y39 at Y785 on rumours of speculative buying. Investors were also encouraged by rising orders for the company's special carbon fibres for semiconductors. Rumours that speculators were focusing on NHK Spring lifted the shares Y24 to Y710.

Non-life insurers, strong on Wednesday on deregulation reports, changed direction. Dowa Fire & Marine lost Y36 to Y861 and Nissan Fire & Marine shed Y10 to Y3,800.

In Osaka, the OSE average dipped 29.40 to 29,717.25 on volume of 30.7m shares. Wakita, a leasing company, put on Y50 to Y2,690. Investors were attracted by the company's growing construction machinery leasing business and projections of [redacted] per cent rise in current year pre-tax profits.

Sanoyas Hishino Meisho, [redacted] medium-sized shipbuilder, lost Y90 at Y1,870 after [redacted] an all-time high of Y2,000. It expects pre-tax profits to triple for the current year thanks to the strong performance of a recreation facility concern acquired this month.

## Roundup

THE PACIFIC Rim was [redacted] stronger yesterday, Hong Kong being the notable exception.

AUSTRALIA rose on hopes of [redacted] cut in interest rates after news that the jobless rate had risen to 9.2 per cent in March, the highest since 1984, from 8.7 [redacted] cent in February. [redacted] All Ordinaries index gained 11.6 to 1,454.3 in turnover of A$157m, up from A$168m.

Tyco Investments, [redacted] unit of Tyco Laboratories, of the US, gained 8 cents to A$1.13 as more [redacted] 8m shares were traded in one transaction.

HONG KONG tumbled yet again, its fourth marked decline in five sessions. The Hang Seng index dropped 73.69 or 2 per cent to 3,703.93. Turnover dipped to HK$1.5bn from HK$1.6bn.

Local investors dumped property shares on concern that the recent buying [redacted] in the residential property market could burst.

NEW ZEALAND firmed as a fall in the domestic dollar to a six-month low against its Australian counterpart stimulated foreign buying of [redacted] The Barclays index gained 17.48 or 1.3 per cent to 1,385.39. Turnover increased to [redacted] from NZ$19m. Fletcher Challenge moved up 7 cents to NZ$3.65.

SEOUL fell for the fifth day. The composite index closed at 641.46, down 4.39, after slow volume of Won75bn. Reports that Soviet President Mikhail Gorbachev will visit South Korea next week briefly lifted the fisheries and construction [redacted] in the morning on hopes of increased [redacted] with the Soviet Union.

MANILA declined further in volatile trading which saw some short-covering by professionals after Wednesday's drop. The composite index lost 6.89 to 1,060.79 in turnover of 160m pesos, down from 205m.

TAIWAN achieved its highest level since August 1, [redacted] weighted [redacted] climbing 90.93 or 1.7 per cent to 5,454.61. Volume eased to T$65bn (T$69bn).

SINGAPORE rebounded in light trade from a two-day fall. The Straits Times Industrial index gained 10.81 to 1,470.97. KUALA LUMPUR's composite index rose 3.51 to 575.79.



**FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, [redacted] Co., and County [redacted] Mackenzie in conjunction with [redacted] of [redacted] Faculty of [redacted]

| NATIONAL AND REGIONAL MARKETS (Figures in parentheses [redacted] number of lines of stock) | Wed Apr 10 1991: US Dollar Index | Day's Change % | [redacted] Sterling [redacted] | [redacted] Index | DM Index | Local [redacted] Index | [redacted] % chg on day | [redacted] Div Yield | Tue Apr 9 1991: US [redacted] Index | Pound [redacted] Index | [redacted] | DM Index | Local Currency [redacted] | Dollar Index: 1991 High | [redacted] Low | Year ago [redacted] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (74) | 136.32 | −0.4 | 113.56 | 117.45 | 118.98 | 115.13 | −0.6 | 5.90 | 136.89 | 113.35 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 135.08 |
| Austria (19) | 204.95 | −0.3 | 170.75 | 176.58 | 178.65 | 176.02 | −1.2 | 1.48 | 206.60 | 171.07 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 273.86 |
| Belgium (60) | [redacted] | −0.5 | 117.32 | 121.32 | 122.89 | 119.99 | −0.4 | 4.96 | 141.59 | 117[redacted] | [redacted] | 122.82 | [redacted] | [redacted] | [redacted] | 148.22 |
| Canada (116) | 137.56 | −0.3 | [redacted] | 118.53 | 120.05 | 114.77 | −0.4 | 3.45 | 138.01 | 114.27 | [redacted] | 119.71 | [redacted] | 141.10 | 126.49 | 139.22 |
| [redacted] (31) | 243.91 | −0.8 | 203.22 | 210.15 | 212.85 | 213.56 | −0.5 | 1.56 | 245.91 | 203.62 | [redacted] | 213.31 | [redacted] | [redacted] | [redacted] | 249.71 |
| Finland (21) | [redacted] | +0.3 | [redacted] | 106.69 | [redacted] | [redacted] | +0.0 | 2.37 | 123.46 | 102.23 | 105.40 | 107.10 | 102.31 | 125.15 | 90.61 | 135.96 |
| France (113) | 140.44 | −1.8 | 117.01 | 121.00 | [redacted] | [redacted] | −1.3 | 3.45 | 142.99 | 118.40 | 122.06 | 124.02 | 126.67 | 152.26 | 121.85 | [redacted] |
| Germany (88) | 110.42 | −2.2 | 92.00 | 95.15 | [redacted] | 96.38 | −1.6 | 2.93 | 112.93 | 93.51 | 96.42 | 97.96 | 97.96 | 125.35 | 102.43 | 133.67 |
| Hong Kong (48) | 154.35 | +0.7 | 128.60 | 132.99 | 134.70 | [redacted] | +0.7 | 4.43 | 153.25 | 126.89 | 130.82 | 132.94 | 153.34 | 156.75 | 119.82 | 122.88 |
| Ireland (16) | 165.78 | −1.4 | 138.12 | 142.83 | [redacted] | [redacted] | −0.8 | 3.11 | 168.05 | 139.15 | 143.46 | 145.78 | 146.00 | 182.46 | 132.88 | 180.17 |
| Italy (91) | 81.29 | −0.4 | 67.73 | 70.03 | [redacted] | 73.58 | +0.0 | 3.37 | 81.63 | 67.58 | 69.68 | 70.81 | 75.55 | 88.23 | 72.05 | [redacted] |
| Japan (452) | 141.25 | −1.0 | 117.68 | 121.69 | [redacted] | [redacted] | −0.1 | 0.71 | 142.68 | 118.13 | 121.79 | 123.77 | 121.79 | 146.97 | 118.35 | 134.12 |
| Malaysia (33) | 231.79 | −0.2 | 193.12 | 199.69 | [redacted] | [redacted] | −0.6 | 3.10 | 232.31 | 192.36 | 198.31 | 201.51 | 245.78 | 247.78 | 192.88 | 217.29 |
| Mexico (12) | 816.55 | +0.4 | 680.56 | 703.77 | [redacted] | [redacted] | +0.4 | 0.26 | 813.27 | 673.41 | 694.27 | 705.47 | 2880.46 | 824.35 | 534.45 | 389.24 |
| Netherland (40) | 139.49 | −1.1 | 116.21 | 120.18 | [redacted] | 120.39 | −0.6 | 4.33 | 140.98 | 116.74 | 120.35 | 122.30 | 121.07 | 145.73 | 125.70 | 139.55 |
| New Zealand (14) | 46.43 | −0.1 | 38.68 | 40.00 | [redacted] | 41.74 | −0.2 | 8.18 | 46.49 | 38.50 | 39.69 | 40.33 | 41.82 | 52.31 | 41.18 | 61.94 |
| Norway (30) | 193.55 | −2.1 | 161.26 | 166.76 | [redacted] | 171.48 | −1.8 | 1.83 | 197.80 | 163.78 | 168.86 | 171.59 | 174.71 | 223.24 | 182.24 | [redacted] |
| Singapore (25) | 193.73 | +0.4 | 161.40 | 166.91 | 169.05 | [redacted] | −0.2 | 2.14 | 192.93 | 159.75 | 164.70 | 167.35 | 157.10 | 206.25 | 151.63 | [redacted] |
| South Africa (60) | 203.66 | +0.7 | 169.68 | 175.47 | 177.72 | [redacted] | +0.1 | 3.87 | 202.18 | 167.41 | 172.59 | 175.38 | 147.58 | 208.54 | 173.00 | [redacted] |
| Spain (41) | 159.86 | −1.5 | 133.19 | 137.74 | 139.50 | 125.59 | −0.9 | 4.53 | 162.05 | 134.18 | 138.34 | 140.57 | 126.75 | 171.12 | 131.51 | 144.22 |
| Sweden (27) | 186.51 | −0.8 | 155.39 | 160.70 | 162.76 | 167.12 | −0.7 | 2.60 | 188.06 | 155.72 | 160.54 | 163.13 | 168.22 | 204.12 | 146.60 | 180.57 |
| Switzerland (65) | 95.96 | −2.0 | 79.95 | 82.69 | 83.75 | [redacted] | −1.2 | 2.44 | 97.89 | 81.05 | 83.57 | 84.92 | 85.75 | 100.67 | 82.17 | 91.58 |
| United Kingdom (295) | 180.36 | −1.0 | 150.27 | 155.38 | 157.38 | [redacted] | −0.4 | 4.72 | 182.15 | 150.82 | 155.48 | 157.99 | 150.82 | 187.44 | [redacted] | 147.73 |
| USA (525) | 151.39 | −0.1 | 126.13 | 130.44 | 132.12 | [redacted] | −0.1 | 3.24 | 151.61 | [redacted] | [redacted] | 131.52 | [redacted] | [redacted] | [redacted] | 136.25 |
| Europe (937) | 143.20 | −1.3 | 119.31 | 123.38 | 124.97 | [redacted] | −0.7 | [redacted] | [redacted] | 120.13 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Nordic (109) | 182.56 | −0.9 | 152.10 | 157.29 | 159.31 | [redacted] | −0.7 | [redacted] | [redacted] | 152.90 | [redacted] | [redacted] | [redacted] | 200.81 | [redacted] | [redacted] |
| Pacific Basin (646) | 141.07 | −0.9 | 117.53 | [redacted] | [redacted] | [redacted] | −0.1 | 1.04 | [redacted] | [redacted] | 121.54 | [redacted] | [redacted] | [redacted] | [redacted] | 133.72 |
| Euro-Pacific (1583) | 142.29 | −1.1 | 118.55 | [redacted] | 124.16 | [redacted] | −0.4 | [redacted] | [redacted] | 119.10 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| North America (641) | 150.45 | −0.2 | 125.35 | 129.[redacted] | 131.32 | [redacted] | −0.2 | [redacted] | [redacted] | 124.77 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] |
| Europe Ex. UK (642) | [redacted] | −1.5 | [redacted] | 104.13 | [redacted] | 106.01 | −1.0 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 134.44 |
| Pacific Ex. Japan (194) | [redacted] | +0.1 | 115.01 | 118.96 | 120.48 | 122.31 | −0.1 | [redacted] | [redacted] | 114.21 | 117.77 | [redacted] | [redacted] | [redacted] | 111.40 | [redacted] |
| World Ex. US (1771) | 143.13 | −1.0 | [redacted] | [redacted] | [redacted] | [redacted] | −0.3 | [redacted] | [redacted] | [redacted] | 123.45 | [redacted] | [redacted] | [redacted] | 122.32 | 137.57 |
| World Ex. UK (2001) | 141.36 | −0.7 | 117.78 | 121.80 | 123.37 | [redacted] | −0.3 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 120.06 | 136.86 |
| World Ex. So. [redacted] (2236) | 144.47 | −0.7 | [redacted] | [redacted] | [redacted] | [redacted] | −0.3 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 147.10 | 122.92 | 136.43 |
| World Ex. Japan (1844) | 148.12 | −0.6 | [redacted] | 127.63 | [redacted] | [redacted] | −0.4 | [redacted] | [redacted] | [redacted] | 127.17 | [redacted] | [redacted] | [redacted] | [redacted] | 139.45 |
| The World Index (2298) | [redacted] | −0.7 | [redacted] | [redacted] | [redacted] | [redacted] | −0.3 | 2.61 | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | [redacted] | 136.72 |



Constituent [redacted] with [redacted] 12/4/91: Deletion: Union Credit Babment (France).Latest [redacted] were [redacted] for [redacted] edition.

# RECRUITMENT

## JOBS: Evidence that realising creative potential calls for an uncommon type of manager

# How to get the best from skilled professionals

HOW many readers, I wonder, will join the Jobs column in nodding in agreement with the following comment. Written by American author Richard Cornuelle in the current Times Literary Supplement, it concerns the internal problems still facing libertarian western countries after the collapse of east European socialist regimes.

*[illegible] have libertarians confronted the disabling hypocrisy of the capitalist rationale which insists that while the capitalists themselves must have extensive freedom of action, their employees may have much less. Their explanation of how an invisible hand arranges economic resources rationally without authoritarian direction stops short at the factory gate. Inside factories and offices, the heavy, visible hand of management continues to rule....*

Here, before anyone hands me a soapbox, I'd better say my point of agreement with that passage is not political in a big sense. For one thing, Marxian theories strike me as fundamentally flawed. For another, I think that without management in the sense of an organising agency, the sum total of human work would be far less productive.

Moreover, while agreeing that most capitalist companies are marked by Cornuelle's "disabling hypocrisy", I'm persuaded that in a growing numb[illegible] it is quite the opposite o[illegible] policy on their leaders' part. The evidence is that, over the past [illegible] years, a stream of capitalist bosses have publicly affirmed the need to lighten the hand of management so as to mobilise the individual wits of their entire workforce.

The trouble is that hardly any of them seem actually able to do it. Indeed my impression is that, despite the liberating potential of computer technology, managerial control has tightened rather than lightened, especially in the big companies being increasingly formed by mergers.

Whatever the reasons for the tightening trend, there is clearly no over-riding necessity for it. That much has emerged from studies made by consultant Anna Maria Garden, a former researcher in the London Business School's high-tech management unit.

She focused on a type of staff whom, even in these depressed days, managers cannot afford to treat cavalierly. They are skilled software professionals in such demand that they're apt go elsewhere if they feel fed up with, let alone offended by the outfit [illegible] they are working.

Dr Garden's study covered 339 of them in 11 high-tech companies – seven being small in having fewer than 50 employees, three medium-sized [illegible] 150-250, [illegible] other a big with more than 2,000 across its three [illegible] the question she sought to [illegible] was what it is about a job t[illegible] such highly skilled people not [illegible] in it, but work at their best meanwhile.

Now, once upon a time, the answer would have [illegible] presumed to lie in giving them high job-satisfaction. Factors linked with [illegible] good pay and perks, opportunities for education and training as well as promotion, and clear communications from management.

In more recent years, however, research has made it increasingly plain that high job-satisfaction does not guarantee high productivity. People who are satisfied in their job are not necessarily motivated. On the contrary, their contentment may well arise from being able to [illegible] things easy.

The factors that have been shown to [illegible] workers, as distinct from just satisfying them, often seem different in kind. They [illegible] varied things to do, and opportunities to take the lead and be creative in them. Other examples, apparently even more powerful, are recognition for achievement, and work that the individual finds interesting.

But Dr Garden finds that – when it comes to keeping and inspiring high[illegible] staff on the lines of ace [illegible] – such standard motivators are not enough. The [illegible] evidently lies in four other factors linked with a super-motivated [illegible] which she calls "job-excitement".

The strongest pair of the four are work which the individuals find not so much interesting as challenging, and the scope to use their own particular skills in they way they deem best. The other two are a sense of being able to achieve something useful, and awareness of personally contributing to the success of the employing outfit.

Even so, that later pair are extremely important because they serve to rebut a common belief about "creative" professionals: that they are at their best when left to play with interesting though not necessarily useful ideas. On the contrary, Dr Garden declares: "The stereotype of the whizz-kid technocrat who wants to remain in the realm of intellectually intriguing ideas was inconsistent in this study with the importance to job-excitement of being useful."

Hence, given that management is required to organise individual efforts to useful collective ends, even creative experts would appear to need managing. The decisive question is how – and it happens that a clue to the answer is offered by another of the study's findings, which has two parts to it.

The first was that, when the software aces in the large group were taken as a whole, they felt a lower level of job-excitement than their counterparts in the medium-sized, and still more markedly the small outfits. The second was that, nevertheless, in one of the group's three divisions the excitement level was significantly higher than in the other two.

Anna-Maria Garden thinks the explanation is probably that, in the exceptional division as in the generality of medium and small companies, the highly skilled staff were managed in a different way. Their bosses applied "strategic" control, providing broad direction, objectives, and an idea of the output wanted. By contrast, the managers in the low-excitement divisions exercised the detailed "operational" control more usual in big organisations, specifying not only what should be done, but how.

But that doesn't mean managers can improve their retention and the performance of creative staff by simply changing their style of control. For Dr Garden thinks that people who manage in the less productive operational way are are different in personality from the more inspiring strategic kind.

The better managers of the specialists she studied had a relatively low psychological need for power and influence over other people, she says. But the power-need of operational-style managers is typically high. Moreover, a pronounced power-need seems to be hard to lay aside.

For instance, discovering that one group of software staff felt completely [illegible]ed by their boss's detailed control, she confronted him with their complaints. "I know it doesn't work well," he answered. "But I can't help myself."

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## BUSINESS ANALYST

FMC, a highly [illegible] international corporation meeting the [illegible] agriculture, industry [illegible] government, currently [illegible] an opportunity [illegible] a [illegible] Analyst in our Agricultural Chemical Group. This [illegible] position [illegible] have [illegible] responsibilities for Europe, the Middle East and Africa. The specific responsibilities o[illegible] position [illegible] providing management with regular performance analysis [illegible] ongoing operations, managing the business and financial analysis function for [illegible] and providing financial and business analysis support to the zone managers in their efforts to *identify and present* [illegible] *opportunities.*

The [illegible] candidate will have a minimum of 3 [illegible] experience in the agricultural industry, a university degree (an MBA [illegible] a plus), [illegible] must be fluent in English [illegible] either Polish, Czech, Serbo-Croatian [illegible] other Central European [illegible] language capabilities. Good proficiency in [illegible] 1-2-3- [illegible] required.

As an industry leader, [illegible] can [illegible] highly competitive [illegible] generous benefits. [illegible] you [illegible] ready for challenge and responsibility and [illegible] further your career, please [illegible] *your c.v., a cover letter and salary history to:*

Human Resources Department
*FMC Corporation N.V.*
Avenue Louise 480-B 9
1050 Bruxelles, Belgium.

## Industrial Development Board For Northern Ireland
### MARKETING AND STRATEGIC BUSINESS PLANNING CONSULTANTS

The Industrial Development Board (IDB) has, on [illegible] need to engage the services of Marketing Consultants for short-term appraisal work and other assignments.

In addition, a Strategic Business Planning Scheme, to be introduced shortly, will make provision for IDB client companies to engage the services of Strategic Business Planning Consultants.

Two separate Registers will operate with effect from 1st July 1991.

### REGISTER OF MARKETING CONSULTANTS

Marke[illegible]ltants with a specialist knowledge [illegible] one or mo[illegible] of industry are invited to apply for admission to the Register Of Marketing Consultants. An existing Register which has been operational for some years, will be [illegible] from 1st July.

Consultants applying should normally possess a formal qualification in Marketing and preferably [illegible] a Member of the Chartered Institute of Marketing (MCIM).

### REGISTER OF STRATEGIC BUSINESS PLANNING CONSULTANTS

Consultants with a background in Strategic Planning are invited to apply for admission to a Register Of Strategic Business Planning Consultants. Candidates short-listed should be prepared to give a presentation, outlining their experience and ability in this specialist discipline.

Application forms, for both Registers, may be obtained from IDB's Corporate Finance Division, Room 621, IDB House, 64 Chichester Street, Belfast BT1 4JX, Northern Ireland. Tel: 0232 233233 Ext. 2229.

**IDB Northern Ireland**

## FX OPTIONS — £Neg.

A senior trader is required to join an expanding but embryonic options desk in London. The bank's head office has a solid reputation for both Foreign Exchange and Options *trading. The ability to enhance trading systems would be advantageous but most* important [illegible] hands-on trading expertise and a profitable track record gained over a period of at least two years in an active dealing room. The salary will reflect previous achievement.

## BOND TRADERS — £Neg.

Quality traders in the following categories are required for [illegible] well-established securities firm:

- *US Dollars (secondary market)* - *ECU Bonds*
- European Government Bonds - Illiquid Bonds

Applicants should ideally be under 30 years of age.

For further details call **Anthony Isern** on
**Tel: 071 • 796 3132 Fax: 071 • 796 4620**

**JAC Recruitment**
**3rd Floor • Dauntsey House • Frederick's Place**
**• Old Jewry • London EC2R 8AB**

J A C
RECRUITMENT

## POLAND

The FT proposes to publish this survey on May 3rd 1991.
58% of Chief Executives of Europe's largest companies *read FT*. *If you want to reach this important audience,* call Patricia Surridge, Tel: 071 873 3426 or Fax: 071 873 3079 or Nina Kowalewska, Warsaw, Poland. Tel (22) 489787.

**FT SURVEYS**

ACCOUNTANCY APPOINTMENTS

# Group Financial Controller

**£40,000 + Car** | **Central London**

■ Our client is one of the leading services engineering [illegible] in the UK, with a current turnover close to £200 million. It is a major subsidiary of a highly acquisitive billion dollar US group which is actively pursuing plans for further expansion into Europe.

■ Due to office relocation to Canary Wharf and a restructure of the UK accounting activities, the company wishes to appoint a [illegible] Group Financial Controller. Reporting to the Finance Director, your primary responsibilities will be for UK and international management and statutory reporting, budgeting, internal controls, and the maintenance of sound accounting [illegible] and systems throughout the newly divisionalised finance function. [illegible] a small corporate office team, which includes both treasury and [illegible] functions.

■ Candidates should be qualified [illegible] technical, systems and management [illegible]. A knowledge of the contracting or an allied industry is essential, preferably [illegible] a similar role in a medium to large company. Personal qualities [illegible] include intelligence and maturity, good communication [illegible] and the potential to achieve further promotion in the long term.

■ *Please reply in confidence, quoting reference SO317, to Sarah Orwin at Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.*

ERNST & YOUNG

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# GROUP ACCOUNTANT

## Berkshire

## to £35,000 + Car + Benefits

Our client is a highly successful group of companies involved in the manufacture of a wide range of electro-mechanical and engineering products. The group has operations in the UK, America, Canada, Europe and Australasia.

As a result of significant growth over the last three years, the Group Financial Director now wishes to appoint an ambitious and experienced Senior Group Accountant to take responsibility for the finance function which is to be located at the new Head Office in Windsor.

This is an [illegible] opportunity for a qualified accountant, aged 28/35, to join a highly profitable company where success is rewarded both financially and with excellent career progression.

Candidates are asked to forward their current Curriculum Vitae, together with a hand-written covering letter to [illegible] Collier quoting Reference [illegible]

**Robert Neil Associates**

Executive Search & Selection

Upton House, 8 Upton Avenue, St. Albans, Herts AL3 5EW

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# Financial Director

**Up to £60,000 + car + excellent benefits**

ITNET is a wholly owned but totally independent subsidiary of Cadbury Schweppes, based in Bournville, Birmingham. The company have recently put together a new senior team of the highest calibre to deliver our mission of being the best IT Services organisation in the Facilities Management and Systems Development markets. With approximately 500 people, and a present turnover of £30 million, we believe we have the ideal platform to [illegible] rapidly from our present status which is already in the top six in our field.

Our incoming Financial Director is the vital final ingredient to compliment our Board [illegible]

The position provides a genuine rare opportunity for you to play a key role in shaping the future of the company by contributing across a broad spectrum of commercial [illegible] as we grow the business.

In addition to your financial management abilities, you will be able to demonstrate a [illegible] record of achievement, commercial [illegible] and have a high energy level. You will also be able to [illegible] yourself supporting our sales team by establishing credibility with other major organisations at Board level. An ability to identify with a quality approach of a customer driven internationally orientated company are essential to this.

The substantial remmeration package includes company bonus, car and an appropriate benefits package, reflective of a company which is part of the Cadbury Schweppes Group.

Please write with CV to Daryl Howe. Director of Human Resources, ITNET Limited, PO Box 57, Laburnum House, Laburnum Road, Bournville, Birmingham, B30 2BD. Telephone (021) 459 1155.

ITNET LIMITED

*IT net is a member of the Cadbury Schweppes Group*

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Price Waterhouse

EXECUTIVE SELECTION

# Group Finance Director

**c£75,000 + substantial bonus scheme + benefits** **Home Counties**

With an impressive track record of growth in recent years and prospects for further expansion both at home and overseas, our client is a well [illegible] and highly successful UK based contracting group with [illegible] overseas interests.

The Group now wishes to appoint a "heavy weight" Finance Director to the Board, who will take a leading role in determining its future success and strategy. Responsible for all aspects of the Group's accounting, you will be expected to ensure that professional standards operate throughout and that the financial information produced is an effective tool for managing the business. You will enjoy a high profile role, dealing with major City institutions and be heavily involved in acquisitions and the negotiation of major contracts.

Highly experienced, you will have operated within an international business at [illegible] level for a number of years and developed strong contacts with City institutions. Good communication and management skills and the ability to establish credibility at a senior level are prerequisites, together with drive, enthusiasm and a commitment to 'teamwork'.

Candidates should write, including full career and salary details and quoting reference G/1151 to Susan Ryder. Applicants should also [illegible] companies for which they do not wish to be considered, as applications will be forwarded directly to our client.

Susan Ryder
Price Waterhouse
Executive Selection Division
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Tel: 071-939 [illegible]

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# Divisional Accountant

*Multi-site Leisure Business*
*N.W. Home Counties*

**c£35,000**
2 litre car.

Yours will be a high profile and influential role within this extremely successful and popular UK-based service sector Company which has realistic plans to double its £75m annual turnover over the next three years.

You will provide front-line [illegible]cy support to one of the company's four principal Directors and be responsible for the total financial management and business development of one of the Company's major divisions.

Ideally aged mid twenties to early thirties with an A.C.A., you will have already achieved a successful multi-discipline accounting pedigree, dealing with all aspects of a total financial management role, including the preparation and [illegible] of consolidated and operating financial statements as well as budgeting, forecasting, investment and acquisitional [illegible]. Alternatively, two years' solid post qualification experience with a blue chip accounting practice would be acceptable.

A blend of highly developed interpersonal skills combined with entrepeneurial flair is an [illegible] ingredient to ensure that the successful candidate maximises their potential to grow with this position, to the most senior of levels within the Company.

Male or female candidates should submit a comprehensive c.v. in confidence to:

Anthony Felstead, 1 Stonecross, St. Albans, [illegible] AL1 4AA.
Tel: 0727 43960 / [illegible]
Fax: 0727 834052
Quoting Ref: DA/005/BL

ANTHONY FELSTEAD

HUMAN RESOURCE MANAGEMENT CONSULTANTS

Δ A member of the Delta Consulting Group Δ

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FOOD INDUSTRY

# FINANCE DIRECTOR

## YORKSHIRE

**SALARY TO £35K + BONUS, QUALITY CAR AND BENEFITS**
**RELOCATION ASSISTANCE IF REQUIRED**

Our Client is an autonomous division of a major International Food Company, supplying a range of quality short life product primarily to the UK Grocery Multiple Retailers. The Company has an outstanding record of profit performance.

1990 saw a significant programme of acquisition and expansion resulting in the creation of a number of separate business units each with sales and profit targets.

The unit based in Yorkshire/Humberside has a turnover of approximately £25 million and employs some 200 people. They now wish to appoint a FINANCE DIRECTOR whose responsibilities will include the provision of a full management and financial accounting service to the business and as part of the executive team, significant input into the commercial and operational [illegible]

This exciting position calls for a qualified accountant aged late 20s/30s who has a broad financial background gained in a major food manufacturing organisation and ideally short life products. Experience of handling acquisition detail and systems development would be useful.

Success in this role could lead either to a more senior functional appointment or indeed to a general management position within the Company.

Please apply in writing enclosing a CV and quoting [illegible] JJL/3110 [illegible] Lye at Illingworth and Associates, Executive Search and Selection Consultants, The Courtyard, 24 High Street, Hungerford, Berkshire RG17 0NF.
Tel: 0488 683881.
Fax: 0488 682147.

ASSC FOUNDER MEMBER

Illingworth

MANAGEMENT CONSULTANTS

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香港

# Hong Kong.

# Senior Managers Audit.

■ Ernst & Young prides itself on creative business servicing; that is one of the reasons why we are one of Hong Kong's fastest growing accountancy practices, and why we wish to remain so.

■ We are able to offer a challenging, long term career to imaginative and highly motivated professionals who wish to develop their potential with us. This is an exciting opportunity for Senior Audit Managers with good technical and inter-personal skills to work in the dynamic environment of Hong Kong.

■ Senior Managers who will have a minimum eight years' professional experience in all and a proven record of success are invited to apply as our remuneration package is designed to [illegible] the highest [illegible] individuals. If you are seeking a challenging professional career, please write initially with a detailed curriculum vitae to Mr Barry Compton, Ernst & Young, Rolls House, 7 Rolls Building, Fetter Lane, London EC4A 1NH. The Hong Kong Staff Partner will be conducting interviews towards the end of April in the London office.

ERNST & YOUNG

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ZAMBIA

# Chief Accountant/Finance Manager

Applications are invited from fully qualified professional accountants for the above positions within a multi-national Group of Companies.

Reporting to the General Manager/Financial Controller, the successful candidates will be responsible for all aspects of the finance function including:—

- ★ Monitoring and Improving company performance.
- ★ Preparation of management and financial accounts.
- ★ Preparation of budgets and cash flow forecasts.
- ★ Control and supervision of the accounts department.
- ★ Treasury mangement.
- ★ Taxation.

Candidates must have internationally recognised professional qualifications and preferably experience gained in similar positions. Sound technical knowledge and the ability to motivate and develop subordinate staff are also required plus a working knowledge of computerised accounting systems.

An attractive remuneration package in line with qualifications and experience will be offered. Applications in writing together with C.V. and copies of testimonials etc. should be sent to:—

DWJ Advertising Limited (Ref M.165)
104-110 Goswell Road
London EC1V 7DH

Applications which do not meet the requirements in respect of qualifications and experience will not be acknowledged

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## EUROPEAN FINANCIAL REPORTING MANAGER

Client Company based in South - East London is looking for a newly qualified Chartered Accountant to be responsible for preparation, analysis and submission of monthly/annual Accounts Package for itself and co-subsidiaries in Europe to a parent company in New York.

Salary - Negotiable.

Contact: S J Arnold,
Bellman Messik, 6th Floor, Winchester House,
259/269 Old Marylebone Rd, London NW1 5RA

## EUROPEAN ACCOUNTANT

U.S. Semiconductor firm seeks European Accountant for Brussels office. Responsibilities include financial reporting, expense & payroll review, collections, and consolidations. Requires: English, (French and/or German would be asset), univ. accounting degree, European accounting standards, and 3-5 yrs related experience. Please contact Mr. Schaldach at ALTERA, Ave de Beaulieu 25, B-1160 Brussels, sending c.v., availability and income history.

# FINANCE DIRECTOR DESIGNATE

Southern Home Counties 35-40 c£45,000+Car+Substantial Benefits

This medium sized manufacturing company is a dynamic and highly regarded leader within its specialist field. Operating within a competitive market place they continue to develop their market share through a process of new product and strategic development.

Reporting to the Managing Director, your role will have responsibility for the preparation and interpretation of financial information, the co-ordination and management of the finance function as well as MIS development, corporate finance activities and strategy implementation.

The successful applicant will be a 'Big 6' qualified ACA who has an outstanding record of achievement gained within successfully developed manufacturing organisations.

The ideal candidate will have run a finance function and will have well developed management ability together with outstanding communication and interpersonal skills. He/she will also have experience of sophisticated computer systems in a manufacturing environment. A Board appointment is envisaged within six months.

The benefits package will include an attractive base salary, company car, the potential for equity interest and other benefits commensurate with a position of this status.

Interested applicants should write to Simon Hewitt (fax 071-437 0597), enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House, 1 Leicester Place, London WC2H 7BP
Tel: 071 437 0464 Fax: 071 437 0597

## Financial Controller

South London

C £32,000 + car

Our client, part of a major PLC, is at the leading edge of the communications sector. To support rapid business growth, it has made a significant investment in restructuring its systems and financial disciplines and now wishes to appoint a Financial Controller responsive to the developing environment.

Reporting to the Finance Director and supported by a small team, he/she will be responsible for all aspects of financial control. A key task will be supervising the implementation of a recently introduced "Millenium" computer package of nominal, bought and sales ledgers. As a member of the corporate management team, the successful applicant will also direct the development and enhancement of MIS reporting, and assist in the evaluation of acquisition and new venture proposals.

Probably aged 27 +, a qualified accountant, preferably a graduate with marked leadership qualities, a flexible attitude to problem solving must be combined with commercial awareness and the perseverance and commitment necessary to translate decisions into action. Ideally experienced in the communications or services sector, and certainly PC literate, hands-on experience in a well developed computerised environment is essential.

This highly responsible role provides the opportunity to make a significant impact in a major group and offers excellent career prospects.

Please send a detailed CV quoting reference CD402 to: Executive 2000, Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LE.

EXECUTIVE 2000
SEARCH AND SELECTION

# Financial Controller

**New business start-up backed by one of the top 100 worldwide corporations**

CONSUMER ELECTRONICS
M4 Corridor

£30-35,000
Plus Car
Plus Benefits

A £7bn turnover global group which has achieved international recognition as a manufacturer and marketer of optical products and business machines have over 44,000 employees worldwide, and is currently entering into new markets in order to continue planned growth.

This new business has plans to develop products of a superior performance, several of which are already in prototype form ready to be developed on a global scale.

Reporting to the Managing Director, you will be responsible for:

- all financial reporting and control
- giving strong commercial support

You will have a degree or equivalent and be a qualified accountant with several years experience in a sharp-end commercial environment. Computer literate, you must be well organised, pragmatic and have the ability to work on your own initiative.

Capable of handling a growing management remit, you will need to demonstrate perseverance, diplomacy and resilience in a highly competitive market place.

As a member of the Management Team, you will liaise with Headquarters and other business centres within the organisation.

This is a senior appointment with the opportunity of being part of a start-up which has plans to grow globally - backed by one or the largest corporations in the world. Career prospects within the group are excellent.

Interested candidates should write in confidence to: Nicholson International (recruitment consultants), 48/56 Kingsway, London WC2B 6DX, quoting reference 9180, or fax details on 071-404 8128 or call directly on 071-404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL

# FINANCIAL CONTROLLER

*Logistics Division*

*c.£34,000 + car (f/e) & executive benefits · West of London*

Safeway plc, part of the Argyll Group, is a rapidly growing and highly successful leading food retailer, with group sales last year of over £4bn and profits of £228m. Over the last 3 years Safeway has more than doubled its sales and almost quadrupled its profits.

Reporting to the Management Services Director, you will take full responsibility for the management of all financial and administrative matters. Managing a small professional team you will be responsible for the collection, analysis and interpretation of financial information from the company distribution centres with an operating budget in excess of £120m. In addition you will undertake a variety of ad hoc projects and perform other non-routine assignments.

This high profile role will involve frequent liaison with Regional Operations Directors and Distribution Centre Managers. You will be expected to play a major role by influencing the commercial decision-making process through identifying and interpreting key financial operating issues.

This is a unique opportunity for a commercially orientated accountant with experience in distribution management or with a proven track record in financial management gained within a manufacturing FMCG environment. Candidates should be able to demonstrate excellent interpersonal skills acquired at the 'sharp end' of the business and be willing to meet the constant challenges that come from a dynamic and fast moving environment.

Applicants aged late 20s to mid 30s are likely to be financial managers seeking a responsible, influential 'hands on' role and have the expertise necessary to make a real contribution to company performance.

Please apply directly to Frances McCutcheon at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Telephone: 0753 857777, or evenings on 0344 886662. Alternatively, fax your details on 0753 841676.

ROBERT HALF
THE HUMAN FACTOR
Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds · Southampton · Wolverhampton
Brussels · USA · Canada

SAFEWAY

# Financial Director

**Financial Services – New Venture**

London c£75,000+Executive benefits

An exceptional opportunity has arisen for a high calibre Financial Director to play a crucial role in the success of a new venture. Our client is a leading Australian property and financial services conglomerate which has consistently achieved impressive results in both its core business areas. Adhering to an ambitious, but carefully focused global strategy, the organisation has successfully exploited its combined property and fund management expertise. In this international context, a UK subsidiary is now being established as a vehicle for a new global property fund.

The Financial Director will be instrumental in setting up a financial framework compatible with the Company's long-term objectives and, as a Board member, will work closely with the Managing Director to formulate investment policy. Key responsibilities will include liaising with City institutions and regulatory bodies and implementing appropriate computerised systems.

Candidates should be qualified accountants, preferably chartered, with in-depth experience of the property and/or financial services sectors. Computer literacy, previous Board level exposure and familiarity with the City are prerequisites for the position, and experience of fund management would be a considerable asset. The remuneration package reflects the importance attached to a role which demands a polished professional with a dedicated and proactive approach.

Please write, in confidence, enclosing full career details, to Tim Knight, quoting reference L1104.

KPMG Selection & Search
70 Fleet Street, London EC4Y 1EU

# *Finance Director*

***Multi-Site Service Industry***

***Central Location,***

***Package To £55,000, Car, Benefits***

As the market leader in its field, this autonomous subsidiary of a highly profitable UK plc has doubled its turnover each year since its formation. Through organic growth and further acquisitions it aims to achieve a £100m turnover by the mid 90's.

Reporting directly to the UK Managing Director your key task will be to introduce a comprehensive and sophisticated financial infrastructure that will co-ordinate the current reporting and accounting procedures of the six sites, and also provide the foundation for the planned growth of the company. This role encompasses the whole range of financial responsibilities. In addition it will require extensive involvement in the development of financially related activities to broaden the companies range of services.

Aged 30 or over, you must have a proven and successful track record gained in a large direct selling and service related organisation. Familiarity with lease/rental accounting principles would be an advantage. Strong leadership, exceptional commercial acumen, strategic business skills and a desire to progress will be pre-requisites for the right candidate.

A high basic salary is supported by a profit related bonus plus a comprehensive benefits package appropriate to a large plc.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *C. Jenkins*, Hoggett Bowers plc, *George V Place, 4 Thames Avenue*, WINDSOR, *SL4 1QP*, 0753-850851, Fax: 0753-853339, *quoting Ref: W19046/FT.*

***Hoggett Bowers***

BIRMINGHAM, BRISTOL, CAMBRIDGE, EDINBURGH, LEEDS, LEICESTER, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and EUROPE

# Finance Director

Industrial Capital Equipment

c. £32,500 + Bonus + Car West Midlands

Our client is a profitable, highly-respected and well established market leader in a specialised sector of the industrial capital equipment field. Part of a successful and acquisitive plc, the company sees this appointment playing a key role in its continued expansion and development.

Candidates, qualified accountants aged around 30 to 40, should have a background ideally in a public company, supplying capital equipment or other high-cost, lower volume products where major contracts — many international — demand a watchful eye throughout their course.

Other areas of responsibility include the normal, company and group financial information and systems provision; contributing on a wider commercial front, as a full member of the executive team, will be especially important however.

Salary as indicated; highly attractive bonus potential; comprehensive benefits including relocation assistance if appropriate. Excellent prospects.

Please write, in strict confidence, with full cv to: Andrew Russell, Reference 76597, MSL International, Quadrant Court, 50 Calthorpe Road, Edgbaston, Birmingham B15 1TH.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

## FINANCIAL CONTROLLER LONDON

**C. £33,000 + CAR PROPERTY**

Following a major reorganisation of its financial management systems this West End based property group comprising listed investment company, surveyors and valuers, and private companies seeks to appoint a financial controller who will report at board level and lead an existing accounts team.

You will be a qualified accountant, age 30-35, with previous experience in this sector. The role will require a comprehensive understanding of property management accounting, both for tenants and landlords, as well as a good knowledge of the financial accounting requirements of listed and private property companies.

Using an integrated accounting software system designed for property companies and managing agents, you will be responsible for the supervision and control of the accounts department, and the management and financial information produced by it.

Candidates with appropriate experience should apply with detailed CV in strict confidence to: Julian Synett FCA c/o David Lewis & Partners, 76 Gloucester Place, London W1H 4DQ

## *Finance Director*

***To £40,000 + Car*** ***Surrey***

▪ *Our client is a UK computer leasing and trading company with operations in France and the Netherlands and annual turnover in excess of £50 million.*

▪ *A Finance Director is required to assume responsibility for all financial activities in Europe. This will include UK management and statutory reporting, tax and treasury, as well as European consolidations for onward reporting to the US.*

▪ *The successful candidate will be a qualified accountant, preferably with computer leasing experience and will be capable of operating as part of the senior management team. A knowledge of US GAAP and international tax are prerequisites. In addition, strong treasury and foreign exchange management skills are required.*

▪ *A dynamic working environment demands a creative and innovative approach and a desire to become an integral part of a successful, closely-knit team.*

▪ ***Please reply in confidence, quoting reference NM324, giving career and personal details to Nicolas Mabin at Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.***

ERNST & YOUNG

## Finance Director Designate - Devon

Qualified Accountant required for autonomous manufacturing sub-group of major public company.

Reporting to the Group Managing Director the person appointed will succeed the existing Finance Director who retires in October and will have experience of preparing consolidated accounts for a group of about 300 people, which includes several North American subsidiaries. He will also act as Company Secretary and be responsible for group pensions, insurance, legal matters and certain aspects of personnel administration.

In addition to accounting and departmental responsibilities the position requires involvement in the general management and planning of the business which has grown both organically and by acquisition in recent years.

The successful applicant is likely to be in the age range of 30-45.

Remuneration negotiable circa £30,000 plus annual bonus, company car, medical insurance, contributory pension and life assurance schemes.

Written applicants including full C.V. and references to Box H8409, Financial Times, One Southwark Bridge, London SE1 9HL.

## FINANCE DIRECTOR DESIGNATE

An excellent opportunity has arisen in an exciting and fast moving environment for an experienced Finance Director.

* **The Company** Wholesale food and wine importer and distributor to the food service industry.
  Based in Leeds with depots in Scotland and South East England.
  Looking to develop and expand.
* **The Position** Total responsibility for all administrative and financial control of the group.
  Review and improve administration control and reporting systems to help improve profitability.
  Ad hoc projects.
  Analysis of business performance and financial planning.
  Report directly to Managing Director.
* **Qualifications** Qualified accountant who is commercially orientated.
  Good communication and management skills.
  Ambitious with a 'hands-on' style and able to motivate.
  Experienced in computer based systems.
  Experience in the Distribution business preferable but not essential.

Please write, enclosing full CV to: Mrs D Thompson
T & L (Fine Food & Wine) Limited
Braithwaite Street, LEEDS LS11 9XE

## Company Accountant
### Portugal

A substantial UK based multi national, with operations throughout continental Europe, seeks a suitably qualified Accountant who will be responsible to the local Managing Director for all finance functions in the Portuguese subsidiary.

Turnover is currently over £2m from three local Companies, and, there is the scope for considerable growth.

The products are building services and equipment.

Specific industry knowledge would be helpful, however, this is less important than experience of controlling accounting systems, preparing budgets, monthly reporting disciplines, and production of year end accounts.

Familiarity with accounting for multi site operations, introducing P.C. based systems, staff supervision, and taxation would be assets.

Fluency in English, Portuguese, and previous residence in Portugal are essential.

There are career development opportunities for successful executives throughout the Group consequent on a policy of internal promotions.

An attractive salary and benefits package is available which includes a substantial basic salary and a bonus linked to Company performance.

Please apply by forwarding a summary of your career to date, including current salary to:-
Peter Jones, Peter Jones Personnel Services, 88 Kennel Ride, Ascot, Berkshire SL5 7NW. Telephone 0344 883787.

PJPS Peter Jones Personnel Services

## Corporate Accountant

**Surrey**

**C £28,000 + Car + Benefits**

This is a significant new appointment at the corporate HQ of a major International service industry PLC.

It calls for a qualified accountant to assist in all aspects of computerised financial and budgeting consolidations, tax computations and compliance matters as well as undertaking special projects and investigations.

Probably aged 26+ with excellent consolidation and accounting experience, which should include tax and VAT exposure, the technical ability and diligence to produce accurate detailed work must be combined with the breadth of vision and personality to enjoy a high profile role. Up to date knowledge of current accounting standards and practices both in the UK and overseas is necessary, as is thorough computer literacy. Commercial exposure in multi location and varied product situations is highly desirable, and a knowledge of a second European language would be an asset.

Conditions of employment are excellent as are career development prospects.

Please write in confidence to:
Executive 2000, Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM2 4LE. Quoting ref: AC401.

EXECUTIVE 2000 SEARCH AND SELECTION

## DIRECTOR OF FINANCIAL SERVICES

Due to the forthcoming retiral of the present incumbent we are currently seeking a Director of Financial Services, based in Edinburgh. The successful applicant, who must be a suitably qualified accountant, will be responsible for the control of all financial services within the National Trust for Scotland and will be a member of its management team.

Applicants should possess the experience and maturity to work at Senior levels, have good leadership and communication skills and sound business awareness.

For a job description and application form please telephone or write to:
The Personnel Department, The National Trust for Scotland,
5 Charlotte Square, Edinburgh EH2 4DU. Tel: 031-226 5922

Closing date: 3 May 1991

National Trust for Scotland

## Manchester

**c.£37,500+Car**

## Financial Controller

We are the Finance Division of one of the biggest commercial Groups in the country, and provide financial services ranging from banking to hire purchase and leasing. The Division comprises a number of companies of varying size and complexity, and turnover exceeds £700 million.

We are profitable and developing and our growth plans call for the appointment of a Divisional Financial Controller, who will take responsibility for all management and statutory accounting for the Division, and for all business information and control systems.

The successful candidate will be aged mid-30s upwards and a well-qualified, computer-familiar, Chartered Accountant. The holder of this newly-created post will have financial services industry experience. Importantly the incumbent will be able, and will be required, constructively to bring together the accounting functions of formerly independent companies, and will become a key member of the management team of the Division's consumer and corporate finance company.

We seek a practical, resilient, hands-on worker who has persuasiveness, professionalism, and dedication. The benefits package we offer in return will be appropriate to that of a major UK organisation.

**Letters of application, together with C.V., salary progression and any other relevant data, should be sent without delay to Mr. P. L. Weigh, Company Secretary, The Great Universal Stores PLC, P.O. Box 99, Universal House, Devonshire Street, Manchester M60 1XA, quoting reference P177.**

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## DIRECTOR OF FINANCE

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Northamber is the UK's largest high volume wholesale I.T. distributor with fully computerised management information systems and an exceptional record of strong sustained growth.

The role encompasses all the normal financial controls with full responsibility for the continuing growth and ongoing improvement of the company's internal management systems. Additionally, the role will also involve active participation in the company's development strategy.

The successful candidate will be either an ACA or FCA and already possess and have proven a very high level of commercial awareness in addition to the usual expected skills. Some previous FMCG experience would be helpful.

Please reply to **D. Michaels**
Northamber plc, Lion Park Avenue, Chessington KT9 1ST
**Fax: 081 391 4739 Tel: 081 397 3060**

## *Taxation Accountant*

***£22,268***

*Following a restructuring within the Finance Department based at our Head office in Camberwell, a new post has been identified to provide for the development and management of all VAT and direct taxation systems throughout the Fund.*

*In addition to designing new systems, you will be responsible for training managers, staff and volunteers, negotiating with the VAT and Tax Offices and providing taxation advice in the planning of fundraising events.*

*You will need to be able to design and implement systems and communicate and train effectively at all levels. We anticipate that you will have experience of VAT and Corporation tax, computerised systems and a recognised accounting qualification, although we will consider individuals with extensive experience in this area of work with particular emphasis on VAT.*

*For further details and an application form please write to Jane Williams, SCF, 17 Grove Lane, London SE5 8RD.*

*Closing date: 16th April 1991.*

*SCF aims to be an equal opportunities employer.*

*(No agencies).*

Save the Children

## Finance Director

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**One of the country's major contractors in building and civil engineering, our client's £300m business is enjoying significant success from close co-operation with its European £10bn parent group. This commercially based opportunity arises through impending retirement, and continuing expansion means that the person appointed will develop an increasingly high profile.**

Reporting to the Managing Director, the successful candidate will take responsibility for all aspects of the financial direction of the company within the strategies agreed at corporate level. From long term planning to cash flow forecasting, the emphasis will very definitely be on pro-active management and the development of a well-established team of regional Management Accountants and support staff of 40. Candidates will be qualified accountants, probably over 35, and ideally with construction industry experience, although a similar major project or contract background would be relevant. A high degree of computer literacy is paramount, in order to further develop existing systems.

The remuneration package includes a highly competitive base salary plus profit related bonus, together with an attractive range of executive benefits. Further career progression prospects are excellent for high achievers with general management ambition.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1788/FT.

WICKLAND WESTCOTT
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*Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446*

The BODY SHOP
*Skin & Hair Care Preparations*

## *Franchise Finance Manager*

***Every company is no more than the sum of its staff. At The Body Shop, we recognise that our employees are the reason why we are one of the most successful retailers in the U.K. Our staff are energetic, enthusiastic and committed to a better way of doing business; they value honesty; integrity and concern for one another – and the world around us.***

We are looking for a qualified accountant, reporting to our General Manager – UK Franchising, to monitor, analyse, report and forecast the financial performance of the company's U.K. franchise business, and provide all-round financial advice and assistance to franchisees. UK franchised outlets number some 135.

With sound commercial experience, though not necessarily in retailing, the successful candidate should be management calibre and have a good knowledge of PC spreadsheets/database applications. Sharing the values of the company, the ideal applicant will probably be in their early to mid 30's, and possess excellent interpersonal and communication skills.

**This position is based at The Body Shop's head office in Littlehampton, and on offer is a competitive salary and comprehensive reward package. Closing date for applications 18 April 1991. To apply, please write with c.v. including current salary, to Sue Cable, Company Relations Manager, The Body Shop International PLC, Hawthorn Road, Littlehampton, West Sussex.**

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